Pine Care Group Limited
松齡護老集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1989

Share Offer

Sole Sponsor

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

Sole Global Coordinator

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Securities (Hong Kong) Limited

Joint Bookrunners and Joint Lead Managers

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Securities (Hong Kong) Limited

鼎成證券有限公司
Gransing Securities Co., Limited

Gransing Securities Co., Limited

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

松齡護老集團
Pine Care Group

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SHARE OFFER

Number of Offer Shares under the Share Offer	**: 259,200,000 Shares (comprising 216,000,000 new Shares and 43,200,000 Sale Shares) (subject to reallocation and the Over-allotment Option)**
Number of Public Offer Shares	**: 25,920,000 Shares (subject to reallocation and including 2,592,000 Employee Reserved Shares)**
Number of Placing Shares	**: 233,280,000 Shares (comprising 190,080,000 new Shares and 43,200,000 Sale Shares subject to reallocation and the Over-allotment Option)**
Offer Price	**: not more than HK$0.69 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)**
Nominal value	**: HK$0.01 per Share**
Stock code	**: 1989**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on Thursday, 9 February 2017 and, in any event, not later than Monday, 13 February 2017. The Offer Price will be not more than HK$0.69 and is currently expected to be not less than HK$0.63 unless otherwise announced. Applicants for Public Offer Shares are required to pay, on application, the maximum Offer Price of HK$0.69 for each Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK$0.69. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Share Offer will not proceed and will lapse.

Prior to making an investment decision, prospective investors should carefully consider all of the information set forth in this prospectus, including the risk factors set forth in "Risk Factors" in this prospectus.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the number of Offer Shares in the Share Offer and/or the indicative Offer Price Range below that stated in this prospectus (which is HK$0.63 to HK$0.69 per Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Offer Shares in the Share Offer and/or the indicative Offer Price Range will be published on the website of our Company at www.pinecaregroup.com and on the website of the Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares and Employee Reserved Shares" in this prospectus.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for Termination" in this prospectus for further details. It is important that you refer to that section for further details.

27 January 2017

If there is any change in the following expected timetable of the Public Offer, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.pinecaregroup.com****.*

Latest time to lodge **PINK** Application Forms at our Company's head office at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong	12:00 noon on Tuesday, 7 February 2017
Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[2]	11:30 a.m. on Wednesday, 8 February 2017
Application lists of the Public Offer open[3]	11:45 a.m. on Wednesday, 8 February 2017
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Wednesday, 8 February 2017
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Wednesday, 8 February 2017
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 8 February 2017
Application lists of the Public Offer close[3]	12:00 noon on Wednesday, 8 February 2017
Expected Price Determination Date[5]	Thursday, 9 February 2017

(1) Announcement of:

- the Offer Price;
- an indication of the level of interest in the Placing;
- the level of applications in the Public Offer and the Employee Preferential Offering; and
- the basis of allocation of the Public Offer Shares and Employee Reserved Shares

to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.pinecaregroup.com**[6] on or before .... Tuesday, 14 February 2017

(2) Announcement of results of allocations in the Public Offer and the Employee Preferential Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.pinecaregroup.com**[6] (see "How to Apply for Public Offer Shares and Employee Reserved Shares — 11. Publication of results" in this prospectus for further details) from .... Tuesday, 14 February 2017

(3) A full announcement of the Public Offer and the Employee Preferential Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.pinecaregroup.com**[6] from .... Tuesday, 14 February 2017

Results of allocations for the Public Offer and the Employee Preferential Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function .... Tuesday, 14 February 2017

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer or the Employee Preferential Offering on[7] & [9] .... Tuesday, 14 February 2017

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques on[8] & [9] .... Tuesday, 14 February 2017

Dealings in Shares on the Stock Exchange to commence on.. Wednesday, 15 February 2017

The application for the Public Offer Shares will commence on Friday, 27 January 2017 through Wednesday, 8 February 2017. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, 14 February 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 15 February 2017.

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Wednesday, 8 February 2017, the application lists will not open on that day. See "How to Apply for Public Offer Shares and Employee Reserved Shares — 10. Effect of bad weather on the opening of application lists" in this prospectus for further details.

(4) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should see "How to Apply for Public Offer Shares and Employee Reserved Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus for further details.

(5) The Price Determination Date is expected to be on Thursday, 9 February 2017 and, in any event, not later than Monday, 13 February 2017. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Share Offer will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) **Share certificates are expected to be issued on Tuesday, 14 February 2017 but will only become valid provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Wednesday, 15 February 2017. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk**.

(8) **e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to Apply for Public Offer Shares and Employee Reserved Shares" in this prospectus.**

Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

(9) Applicants who apply for 1,000,000 Public Offer Shares or Employee Reserved Shares or more may collect share certificates (if applicable) and/or refund cheques (if applicable) in person and may do so from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 February 2017 or any other date as notified by us in the newspapers as the date of dispatch of share certificate/e-Auto Refund payment instructions/refund cheques. Applications being individuals who opt for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar, Tricor Investor Services Limited. Applicants who have applied on YELLOW Application Forms may collect their refund cheques (if applicable), in person but may not to collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected share certificates and refund cheques will be dispatched by ordinary post to the addresses specified in the relevant applications at the applicant's own risk. Further information is set out in the section headed "How to Apply for Public Offer Shares and Employee Reserved Shares" in this prospectus.

You should read carefully "Underwriting", "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares and Employee Reserved Shares" for details relating to the structure of the Share Offer, procedures on the applications for Public Offer Shares and Employee Reserved Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund monies and Share certificates.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Public Offer and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Public Offer Shares offered by this prospectus pursuant to the Public Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholder, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading operator of care and attention homes for the elderly in Hong Kong, offering a comprehensive range of residential care services. In 2015, we were the second largest private RCHE operator in Hong Kong with a market share of approximately 3.0% in terms of revenue, according to the Ipsos Report. We derive our revenue mainly from two sources:

- **rendering of elderly home care services:** provision of residential care services to the elderly including the provision of residence, professional nursing and caretaking services, nutritional management, medical services, physiotherapy services, psychological and social care and individual care plans; and
- **sale of elderly home related goods and provision of health care services:** sale of diapers, nutritional milk, medical gloves, feeding bags and pH indicator to our residents on an as-needed basis and the provision of physiotherapy services at our physiotherapy clinic to third party individual customers.

Entering into our Group's 27th year anniversary since the establishment of our first care and attention home in Hong Kong in 1989, as at the Latest Practicable Date, we possessed a network of nine care and attention homes with 1,218 residential care places operating across five districts in Hong Kong under the name of "Pine Care Group". As at the Latest Practicable Date, four of our care and attention homes and the ground floor and the whole of first and second floors of Pine Care (Tak Fung) Elderly Centre were operated in properties owned by our Group.

During the Track Record Period, our Group's customers primarily consisted of three groups, namely: (i) the SWD with which we entered into contractual arrangements pursuant to which the SWD purchased residential care places from our Group under the EBPS; (ii) individual customers who settled their own residential fee entirely by themselves; and those who were subsidised by the SWD under the EBPS pursuant to which the SWD has purchased residential care places from our Group but settled the unsubsidised portion by themselves; and (iii) a public hospital which purchased residential care places from our Group. All of our Group's end-user customers are individual customers. Our residents primarily include those who suffer from incontinence and/or require wheel chair assistance and/or safety restrainers and/or assisted feeding. As at the Latest Practicable Date, (i) in respect of our 1,139 residents who were assessed by our nurses and/or health workers based on the Barthel Index, 7.1% were assessed to be completely independent, 22.4% were assessed to be mildly dependent, 27.1% were assessed to be moderately dependent and 43.4% were assessed to be severely dependent; (ii) among our 1,139 residents, 6.3% of them were aged 60 to 69, 15.0% of them were aged 70 to 79, 46.8% of them were aged 80 to 89, 30.0% of them were aged 90 to 99 and 1.9% of them were aged 100 or above; and (iii) each of our residents had resided in our care and attention homes for an average period of 4.1 years.

All of our care and attention homes have participated in the EBPS pursuant to which the SWD purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, pursuant to the EBPS, six of our care and attention homes were classified as EA1, while three of our care and attention homes were classified as EA2. On 30 November 2016, the applications for the upgrade to EA1 classification of these three EA2 care and attention homes were conditionally approved by the SWD. See "Business — Upgrade of Three of our Care and Attention Homes" in this prospectus for further details of the anticipated change in number of residential care places of our Group as a result of this upgrade.

We are dedicated in providing quality services to our residents, which is evident through (i) the establishment of our quality assurance monitoring committee to monitor, inspect and regulate the provision of residential care services for the residents in our Group since 2001; (ii) being accredited with the ISO 9001 quality management certification in respect of the provision of residential care services for the elderly since 2002; and (iii) being accredited with the Residential Aged Care Accreditation Scheme of Hong Kong Association of Gerontology since 2010.

The following table sets out the breakdown of our revenue contribution from (i) rendering of elderly home care services; and (ii) sale of elderly home related goods and provision of health care services, during the Track Record Period.

	Revenue									
	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(unaudited)			
Rendering of elderly home care services	125,006	84.5	139,490	85.2	146,919	85.0	48,315	84.9	50,979	86.0
Sale of elderly home related goods and provision of health care services	22,931	15.5	24,295	14.8	25,830	15.0	8,572	15.1	8,296	14.0
Total	147,937	100.0	163,785	100.0	172,749	100.0	56,887	100.0	59,275	100.0

Our operating profit from continuing operations, being profit for the year/period from continuing operations before other income and gains, other expenses, listing expenses, finance costs and income tax expenses, were approximately HK$23.6 million, HK$28.5 million, HK$36.8 million and HK$14.1 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. Our profit for the year/period from continuing operations for the three years ended 31 March 2016 and the four months ended 31 July 2016 were approximately HK$14.3 million, HK$42.8 million, HK$25.8 million and HK$13.6 million, respectively. Our operating profit margin, being our operating profit from continuing operations as a percentage of our revenue, for the three years ended 31 March 2016 and the four months ended 31 July 2016, was approximately 15.9%, 17.4%, 21.3% and 23.8%, respectively.

The following table sets out the recent performance of our care and attention homes:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
Average monthly occupancy rate *(Note 1)*					
— Overall residential care places (%)	92.7	93.5	94.3	92.7	95.0
— In respect of residential care places purchased by the SWD under the EBPS (%)	96.7	97.7	98.1	97.8	98.3
— In respect of residential care places purchased by individual customers (%)	86.6	86.6	88.1	84.7	89.8
Residential care places purchased by the SWD under the EBPS as a percentage of the total number of our residential care places (%). . . .	60.3	61.3	61.3	61.3	61.3
Average monthly residential fee					
— In respect of residential care places purchased by the SWD under the EBPS *(HK$) (Note 2)* . .	9,423	10,872	11,294	11,294	11,566
— In respect of residential care places purchased by individual customers *(HK$) (Note 3)*.	8,281	8,585	9,173	9,128	9,703

Notes:

(1) The monthly occupancy rate is calculated by dividing the number of beds occupied as at the month end by the number of beds available at our care and attention homes as at the relevant month end. The average monthly occupancy rate for the year/period is calculated by dividing the sum of the monthly occupancy rates by the total number of months in that year/period. During the year ended 31 March 2014, the total number of residential care places purchased from our Group by the SWD under the EBPS gradually increased from 718 to 747 as at 31 March 2014.

(2) The monthly residential fee in respect of residential care places purchased by the SWD under the EBPS is calculated as follows: the sum of (i) the total monthly revenue generated from the payment of the base rate by the SWD under the EBPS on a committed basis during the relevant month; and (ii) the total monthly revenue generated from the payment of the monthly residential fee by the residents under the EBPS during the relevant month, and such sum to be divided by the actual number of residential care places purchased by the SWD under the EBPS during the relevant month. The average monthly residential fee in respect of residential care places purchased by the SWD under the EBPS for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by the SWD under the EBPS by the total number of months in that year/period.

(3) The monthly residential fee in respect of residential care places purchased by individual customers is equal to the total revenue generated from residential care places purchased by individual customers during the relevant month divided by the number of residential care places purchased by individual customers during the relevant month. The average monthly residential fee in respect of residential care places purchased by individual customers for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by individual customers by the total number of months in that year/period.

OUR CARE AND ATTENTION HOMES

As at the Latest Practicable Date, we had a network of nine care and attention homes with 1,218 residential care places. Our care and attention homes operate under the brand name of "Pine Care Group" and comprise Pine Care Centre, Pine Care (Tak Fung) Elderly Centre, New Pine Care Centre, Pinecrest Elderly Centre, Pine Care (Manning) Elderly Centre, Pine Care Hong Fai Elderly Centre (formerly known as Hong Fai Elderly Centre), Pine Care (Lee Foo) Elderly Centre, Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre.

The table below sets out details of each of our care and attention homes in Hong Kong as at the Latest Practicable Date:

	Pine Care Centre *(Note 2)*	Pine Care (Tak Fung) Elderly Centre *(Note 3)*	New Pine Care Centre	Pinecrest Elderly Centre *(Note 4)*	Pine Care (Manning) Elderly Centre	Pine Care Hong Fai Elderly Centre	Pine Care (Lee Foo) Elderly Centre	Pine Care (Po Tak) Elderly Centre	Pine Care (Po Tak Branch) Elderly Centre *(Note 5)*
Location	Kwun Tong	Mong Kok	Kwun Tong	Kwun Tong	Tsz Wan Shan	Shau Kei Wan	Kwun Tong	Kwai Chung	Kwai Chung
Year of commencement of operations	1989	2012	2010	1999	2003	2006	2010	2010	2010
Saleable area/ Net floor area ('000 sq.ft.)	10.7	10.1	29.0	7.6	17.6	12.0	5.4	24.0	14.3
Number of residential care places under the EBPS	83	73	195	43	71	49	35	100	98
Total number of residential care places	124	105	279	84	143	99	50	194	140
Class of residential care places	EA2	EA2	EA1	EA2	EA1	EA1	EA1	EA1	EA1
Type and number of employees *(Note 1)*									
Number of:									
Home manager	1	1	1	1	1	1	1	1	1
Registered/enrolled nurses	4	5	18	3	9	9	4	11	9
Social worker(s)	1	2	5	1	3	2	2	2	2
Physiotherapist	—	—	1	—	—	—	—	—	1
Physiotherapist assistant(s)	—	1	4	—	7	—	—	4	1
Health workers	9	9	13	7	7	5	4	7	14
Care workers	22	14	42	11	18	10	5	29	14
Ancillary workers	6	6	22	6	12	6	4	15	12
Services and amenities									
Geriatrician outreach programs	✓	✓	✓	✓	✓	✓	✓	✓	✓
Psychiatrist outreach programs			✓	✓		✓	✓	✓	✓
Visiting medical officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hair salon	✓		✓					✓	✓
Centralised dispensary	✓		✓		✓	✓		✓	✓
Physiotherapy room	✓		✓		✓	✓		✓	
Snack kiosk	✓		✓					✓	✓
Sensory therapy room			✓			✓		✓	
Movie theatre			✓						
Private elevator		✓	✓		✓	✓		✓	
Personal television		✓	✓			✓	✓		
Computer corner			✓						
Nursing station	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical room								✓	

Notes:

(1) Type and number of employees include only full-time or part-time employees for each of our care and attention homes and do not include personnel such as care workers, health workers and physiotherapists sourced from employment agencies. As at the Latest Practicable Date, all of our care and attention homes had complied with staffing requirements pursuant to the RCH(EP)R, RCHE Code of Practice and EBPS Agreements.

(2) The application for the upgrade of Pine Care Centre from its existing EA2 classification to EA1 classification was conditionally approved by the SWD on 30 November 2016. It is expected that its total number of residential care places will decrease from 124 to 104 and its total number of residential care places under the EBPS will decrease from 83 to 72 by the fourth quarter of 2017 in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

(3) The application for the upgrade of Pine Care (Tak Fung) Elderly Centre from its existing EA2 classification to EA1 classification was conditionally approved by the SWD on 30 November 2016. It is expected that its total number of residential care places will decrease from 105 to 88 and its total number of residential care places under EBPS will decrease from 73 to 61 by the fourth quarter of 2017 in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

(4) The application for the upgrade of Pinecrest Elderly Centre from its existing EA2 classification to EA1 classification was conditionally approved by the SWD on 30 November 2016. It is expected that its total number of residential care places will decrease from 84 to 71 and its total number of residential care places under EBPS will remain at 43 by the fourth quarter of 2017 in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

(5) Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the Possible Acquisition. For details of the MOU, please refer to the paragraph headed "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" of this prospectus.

OUR COMPETITIVE STRENGTHS

We believe we possess the following competitive strengths which differentiate us from our competitors: (i) leading position as a well-recognised brand with an established network of care and attention homes participating in the Enhanced Bought Place Scheme; (ii) provision of quality services with a well-established and efficient management system as a platform for future growth; (iii) we are well-positioned to capture opportunities in the growing elderly home market in Hong Kong; and (iv) we have an experienced and dedicated management team equipped with relevant expertise in the industry and a team of high calibre professionals and supporting personnel. See "Business — Our Competitive Strengths" in this prospectus for further details.

OUR STRATEGIES

We plan to implement the following strategies: (i) continue to expand our network of care and attention homes in Hong Kong through horizontal expansion and private sector expansion, namely the Pine Care Place Development Plan; (ii) continue to retain skilled workforce through systematic training and professional development; and (iii) continue to strengthen our information systems. See "Business — Our Strategies" in this prospectus for further details.

Horizontal expansion

We intend to expand our existing network of care and attention homes through acquisition of a suitable property pursuant to which a new care and attention home will be established. Such new care and attention home will replicate our business model and provide the type and quality of services at a fee similar to those offered by our existing care and attention homes.

See "Business — Our Strategies — Continue to expand our network of care and attention homes in Hong Kong — Horizontal expansion".

Pine Care Place Development Plan

Our Group, through Pine Care Elite, entered into the Pine Care Place Tenancy Agreement with an Independent Third Party in respect of the rental of the premises with a gross floor area of approximately 33,424 sq.ft at Yoho Mall I (Extension) situated in Yuen Long, New Territories, Hong Kong which is a customised premises for RCHEs. We plan to enhance our revenue base by establishing a new private care and attention home solely for individual customers in a newly developed property project with various residential and commercial properties under the trade name of "Pine Care Place (松齡雅苑)". Pine Care Place will offer a customised high quality experience solely for individual customers with (i) a living space with gross floor area of approximately 45.7 sq.m. per resident; (ii) a labour ratio of approximately 61.7%; (iii) provision of services such as visiting medical officers, nursing, individualised care plans, rehabilitation, dementia training, massage therapy and personalised meals; (iv) a high standard of accommodation such as luxury couple suites and luxury single rooms; (v) enhanced facilities such as indoor garden, occupational therapy room and assisted shower room; and (vi) leisure activities which can be arranged on demand. See "Business — Pine Care Place Development Plan" in this prospectus for further details.

OUR CUSTOMERS

During the Track Record Period, our Group's customers primarily consisted of three groups, namely: (i) the SWD with which we entered into contractual arrangements pursuant to which the SWD purchased residential care places from our Group under the EBPS; (ii) individual customers who settled their own residential fee entirely by themselves; and those who were subsidised by the SWD under the EBPS pursuant to which the SWD has purchased residential care places from our Group but settled the unsubsidised portion by themselves; and (iii) a public hospital which purchased residential care places from our Group. All of our Group's end-user customers are individual customers. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue derived from the payment of base rate by the SWD under the EBPS and the monthly residential fee by the residents who participated under the EBPS amounted to approximately HK$84.5 million, HK$97.5 million, HK$101.2 million and HK$34.6 million, respectively, representing 57.1%, 59.5%, 58.6% and 58.3% of our total revenue, respectively. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue derived from individual customers who settled their own residential fee entirely by themselves amounted to approximately HK$40.5 million, HK$41.6 million, HK$45.0 million and HK$16.1 million, respectively, representing 27.4%, 25.4%, 26.0% and 27.2% of our total revenue, respectively. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue derived from the public hospital amounted to approximately nil, HK$0.5 million, HK$0.7 million and HK$0.3 million, respectively, representing nil, 0.3%, 0.4% and 0.5% of our total revenue, respectively. For the three years ended 31 March 2016 and the four months ended 31 July 2016, revenue from our five largest customers amounted to approximately HK$70.8 million, HK$83.7 million, HK$87.8 million and HK$30.1 million, respectively, representing approximately 47.8%, 51.1%, 50.8% and 50.7% of our total revenue, respectively.

The SWD

Through our participation in the Enhanced Bought Place Scheme since 1999, we derived a major portion of our revenue from the SWD with whom we have maintained a stable business relationship for over 17 years. As at the Latest Practicable Date, all of our care and attention homes had participated in the EBPS and had entered into the EBPS Agreements which are fixed term with the SWD on a committed basis pursuant to which the SWD commits to purchase a specified number of residential care places. Contract term of the EBPS Agreements with the SWD usually lasts for a period of 24 months. We were the largest private RCHE operator participating in the EBPS in Hong Kong in 2015 with a market share of approximately 9.3% in terms of the total number of EBPS places in Hong Kong, according to the Ipsos Report.

Participants of the EBPS are partially subsidised by the SWD. As at the Latest Practicable Date, the monthly base rate for our residents enrolled under the EBPS, being the part of residential fee subsidised and payable by the SWD, was (i) HK$10,709 in respect of EA1 care and attention homes located in Hong Kong Island and Kowloon; (ii) HK$10,146 in respect of EA1 care and attention homes located in New Territories; and (iii) HK$8,255 in respect of EA2 care and attention homes located in Kowloon. Our residents enrolled under the EBPS were required to pay a monthly residential fee themselves, which amounted to HK$1,707 for EA1 care and attention homes and HK$1,603 for EA2 care and attention homes, as at the Latest Practicable Date. For the three years ended 31 March 2016 and the four months ended 31 July 2016, we generated revenue from the payment of the base rate by the SWD under the EBPS of approximately HK$70.2 million, HK$82.7 million, HK$86.5 million and HK$29.6 million, respectively, representing approximately 47.4%, 50.5%, 50.1% and 49.9%, of our total revenue, respectively. Our Directors are of the view that our business is sustainable based on the following factors and reasons:

(a) our participation in the EBPS is in line with HK Government's policy in supporting the elderly care sector in Hong Kong and it is expected that the EBPS will be continuously supported by the HK Government given that there is a genuine demand for residential care places from the Hong Kong society;

(b) we believe that we will continue to be eligible for participation in the EBPS if we are able to continue to meet the eligibility criteria under the EBPS and given our long history of participation in the scheme;

(c) we believe that our long operating history of care and attention homes in Hong Kong and our accreditation with the RACAS of Hong Kong Association of Gerontology are able to enhance the confidence of both our customers and the SWD in our Group;

(d) our relationship with the SWD under the EBPS is one that is mutually beneficial; and

(e) the underlying demand for our places purchased by the SWD under the EBPS was genuine given the consistently high occupancy rate achieved by us during the Track Record Period and up to the Latest Practicable Date.

See "Business — Our customers — The SWD" in this prospectus for further details.

OUR SUPPLIERS

We primarily rely on our suppliers for food, medical care products, nutritional milk, other general goods and groceries and professional and qualified staff. During the Track Record Period, our major suppliers primarily included traders of groceries, intermediaries referring professional and qualified staff and medical care product companies. We generally do not enter into long-term agreements with our suppliers. (i) As at the Latest Practicable Date, Mr. Elson Yim, our Controlling Shareholder and executive Director, was beneficially interested in 6.8% of the issued shares in Supplier A, a trading company supplying our Group with general groceries; and (ii) throughout the Track Record Period, Ms. Leu was beneficially interested in the entire issued share capital of the issued shares in Well Mount, an employment agency supplying our Group with professional and qualified staff.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate purchases from our five largest suppliers amounted to approximately HK$7.2 million, HK$9.6 million, HK$8.4 million and HK$3.4 million, respectively, representing approximately 42.6%, 44.6%, 43.4% and 49.6% of our total purchases (including expenses of hiring professional and qualified staff through employment agency), respectively. During the same periods, the purchases from our largest supplier amounted to approximately HK$3.0 million, HK$3.6 million, HK$3.5 million and HK$1.2 million, respectively, representing approximately 18.0%, 16.5%, 18.0% and 18.1% of our total purchases (including expenses of hiring professional and qualified staff through employment agency) during the same periods, respectively.

See "Business — Our Suppliers — Major suppliers" in this prospectus for further details.

SHAREHOLDERS' INFORMATION

Upon the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme), our Company will be held as to 70.00% by Pine Active Care. Pine Active Care is an investment holding company incorporated in the BVI with limited liability and is owned as to 90.00% by Silverage Pine Care and 10.00% by Silverage Pillar. Silverage Pine Care is owned as to an aggregate of 74.26% by seven of the Silverage Pine Care Shareholders who are our Controlling Shareholders (comprising 43.00% by Mr. Elson Yim, 9.90% by Mr. Alex Ng, 6.59% by Ms. Mona Cho, 6.37% by Mr. Billy Yim, 0.18% by Mr. Edwin Yim, 7.49% by Ms. Chu and 0.73% by Ms. Suen). Silverage Pillar is owned as to an aggregate of 93.58% by Mr. Elson Yim and Mr. Alex Ng (comprising 74.86% by Mr. Elson Yim and 18.72% by Mr. Alex Ng). Mr. Elson Yim, Ms. Mona Cho, Mr. Billy Yim and Mr. Edwin Yim are our executive Directors, and Mr. Alex Ng is our non-executive Director. Ms. Chu is a director of certain of our subsidiaries and Ms. Suen is the spouse of Mr. Alex Ng. Our Directors consider the aforesaid seven individuals, by virtue of their relationships and/or shareholdings in Silverage Pine Care and/or Silverage Pillar, will be entitled to control the exercise of more than 30% of the voting power at general meetings of our Company upon the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). Accordingly, Pine Active Care, Silverage Pine Care, Silverage Pillar, Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Mr. Billy Yim, Mr. Edwin Yim, Ms. Chu and Ms. Suen will be regarded as a group of our Controlling Shareholders upon Listing. See "Relationship with Controlling Shareholders" and "Substantial Shareholders" in this prospectus for further details.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Selected items of consolidated statements of profit or loss

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	147,937	163,785	172,749	56,887	59,275
Other income and gains*(Note 1)*	4,324	25,804	5,353	6,516	9,062
Other expenses*(Note 2)*	4,334	—	4,593	1,537	964
Operating profit from continuing operations*(Note 3)*	23,578	28,546	36,813	10,932	14,135
Profit before tax from continuing operations	17,676	48,645	31,105	14,224	16,027
Profit for the year/period from continuing operations	14,284	42,752	25,820	12,032	13,601
Profit for the year/period	15,134	44,543	27,255	12,934	14,648

Notes:

(1) Our other income primarily consists of interest income, dividend income and rental income. Our other gains primarily consist of gain on disposal of available-for-sale investments (such as unlisted unit trust funds), net gain on disposal of financial assets at fair value through profit or loss (such as listed equity investments), net fair value gain on investment properties (such as certain of our car parks and residential units for leasing), net fair value gain on financial assets at fair value through profit or loss (such as listed equity investments, insurance asset and structured financial products) and gain on disposal of non-current assets classified as held for sale (such as properties).

Our Company and Directors confirm that we currently do not have any intention to invest in investment properties, unlisted unit trust funds, listed equities and structured financial products after the Listing.

(2) Other expenses primarily consist of net fair value loss on investment properties (such as certain of our car parks and residential units for leasing) and financial assets at fair value through profit or loss (such as listed equity investments, insurance asset and structured financial products), loss on disposal of available-for-sale investments (such as unlisted unit trust funds), net loss on disposal on investment properties, impairment loss on disposal groups classified as held for sale and stamp duty.

Our Company and Directors confirm that we currently do not have any intention to invest in investment properties, unlisted unit trust funds, listed equities and structured financial products after the Listing.

(3) Operating profit from continuing operations is defined as profit for the year/period from continuing operations before other income and gains, other expenses, listing expenses, finance costs and income tax expenses.

Selected items of consolidated statements of financial position

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	322,335	303,213	237,715	235,045
Current assets	78,939	101,874	76,412	85,807
Current liabilities	314,659	295,044	71,789	66,766
Non-current liabilities	18,300	19,500	178,419	175,519
Net current (liabilities)/assets	(235,720)	(193,170)	4,623	19,041

We recorded net current liabilities of approximately HK$235.7 million as at 31 March 2014 and HK$193.2 million as at 31 March 2015, and net current assets of approximately HK$4.6 million as at 31 March 2016 and HK$19.0 million as at 31 July 2016. Our net current liability positions as at 31 March 2014 and 31 March 2015, were mainly due to the repayment on demand clauses for our interest-bearing bank and other borrowings. The interest-bearing bank and other borrowings were obtained for (i) our mortgage payments for our investment properties and land and buildings for our operations and (ii) working capital loan for our operations.

Selected items of consolidated statements of cash flows

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net cash flows from operating activities	26,043	33,317	35,772	11,362	8,760
Net cash flows (used in)/from investing activities	(44,922)	18,345	86,977	51,375	17,899
Net cash flows from/(used in) financing activities	22,764	(46,211)	(118,585)	(53,938)	(11,839)
Net increase in cash and cash equivalents	3,885	5,451	4,164	8,799	14,820
Cash and cash equivalents at beginning of year/period	7,402	11,287	16,738	16,738	20,902
Cash and cash equivalents at end of year/period	11,287	16,738	20,902	25,537	35,722

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios during the Track Record Period:

	As at/For the year ended 31 March			As at/For the four months ended 31 July	
	2014	2015	2016	2015	2016
Net profit margin (%)	9.7	26.1	14.9	21.2	22.9
Return on equity (%)	21.4	48.8	40.4	N/A	51.9
Return on total assets (%)	3.6	10.6	9.0	N/A	13.8
Current ratio (times)	0.3	0.3	0.8	N/A	1.0
Quick ratio (times)	0.3	0.3	0.8	N/A	1.0
Gearing ratio[(1)] (%)	439.3	301.6	317.9	N/A	247.9
Interest coverage ratio (times)	4.0	9.5	7.5	9.4	13.1

Note:

(1) Gearing ratio was calculated based on the total debt at the end of the year/period divided by total equity at the end of the year/period. Total debt includes payables incurred not in the ordinary course of business (being interest-bearing bank and other borrowings, due to related companies, due to directors and due to shareholders).

Our net profit margin increased from approximately 21.2% for the four months ended 31 July 2015 to approximately 22.9% for the four months ended 31 July 2016. The increase in the profit for the period was mainly attributable to (i) the recognition of gain on disposal of a warehouse, of approximately HK$8.6 million for the four months ended 31 July 2016; and (ii) an increase in revenue by approximately HK$2.4 million. The effect was partly offset by the recognition of listing expenses of approximately HK$4.9 million for the four months ended 31 July 2016 and no gain on disposal of financial assets at fair value through profit or loss, being recorded for the four months ended 31 July 2016 compared to a gain on disposal of financial assets at fair value through profit or loss of approximately HK$4.8 million recorded for the four months ended 31 July 2015.

Our net profit margin decreased from approximately 26.1% for the year ended 31 March 2015 to approximately 14.9% for the year ended 31 March 2016. The decrease in the profit for the year was mainly attributed by (i) net fair value loss on investment properties of approximately HK$1.8 million recognised for the year ended 31 March 2016, compared to net fair value gain on investment properties of approximately HK$8.8 million recognised for the year ended 31 March 2015; and (ii) net fair value gain on financial assets at fair value through profit or loss decreased by approximately HK$6.5 million, from approximately HK$6.6 million for the year ended 31 March 2015 to approximately HK$0.1 million for the year ended 31 March 2016.

Our net profit margin increased from approximately 9.7% for the year ended 31 March 2014 to approximately 26.1% for the year ended 31 March 2015. The increase in the net profit margin was mainly contributed by (i) the increase in revenue by approximately HK$15.8 million; and (ii) the increase in other income and gains by approximately HK$21.5 million. The effect was partially offset by (i) the increase in other operating expenses by approximately HK$5.2 million; and (ii) the increase in staff costs by approximately HK$5.5 million.

PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, valued the market values of our property interests as at 30 November 2016. See "Appendix III — Property Valuation Report" in this prospectus for further details. In connection with the valuation, the independent property valuer adopted the direct comparison approach by assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. The direct comparison approach is used to value our property interests held for occupation and property interests held for investment.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer (after deducting underwriting fees and estimated expenses payable by us in connection with the Share Offer) (the "**Net Proceeds**"), assuming an Offer Price of HK$0.66, being the mid-point of the indicative Offer Price Range, will be approximately HK$115.5 million. We currently intend to apply the Net Proceeds in the following manner:

- approximately HK$89.8 million (representing approximately 77.7% of the Net Proceeds) will be used as part of the funding for our Group's expansion of our network of care and attention homes in Hong Kong through acquisition of a suitable property to establish a new care and attention home. As at the Latest Practicable Date, save for the Pine Care Place Development Plan and the Possible Acquisition, we had not yet identified any site and/or targets, nor have we formulated any specific acquisition plans or entered into any definitive agreements for any potential targets;
- approximately HK$14.2 million (representing approximately 12.3% of the Net Proceeds) will be used to fund the Pine Care Place Development Plan; and
- approximately HK$11.5 million (representing approximately 10.0% of the Net Proceeds) will be used for working capital and other general corporate purposes of our Group.

To the extent that the Net Proceeds are not sufficient to fund the purposes of the Listing as set forth above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. To the extent that the Net Proceeds are not immediately required for the above purposes and to the extent permitted by applicable law and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments. See "Business — Our Strategies" and "Business — Future Plans and Use of Proceeds" in this prospectus for further details.

Reasons for the Listing

Our Directors believe that the Listing will facilitate the implementation of our business strategies which include, among others, continuing to expand our network of care and attention homes in Hong Kong by horizontal expansion (through acquisition of a suitable property and establishment of a new care and attention home) and private sector expansion (through implemention of the Pine Care Place Development Plan).

According to the Ipsos Report, the RCHE industry in Hong Kong is characterised by, among others, shortage of land and high capital requirements due to increasing operating costs such as high rental costs. In light of the above, our Directors would, to the extent practicable, prefer to establish a new care and attention home in self-owned properties to minimise the risks arising from the fluctuations in the retail rental market and possible non-renewal and/or early termination of leases. Assuming that the Offer Price is determined at the mid-point of the indicative Offer Price Range, we intend to allocate approximately HK$89.8 million from the Net Proceeds to fund our Group's acquisition of a suitable property. Assuming that the Offer Price is determined at the mid-point of the indicative Offer Price Range, we intend to allocate approximately HK$14.2 million out of the Net Proceeds to finance the capital expenditures in relation to the Pine Care Place Development Plan. As at 31 July 2016, our Group had unutilised banking facilities of approximately HK$76.9 million. However, (i) HK$5.4 million of such banking facilities is subject to restrictive covenants which prevent our Group from utilising it for property investment and/or property acquisition activities; (ii) HK$35.0 million ("**Term Loan**") of such banking facilities is subject to the purpose of financing or refinancing our Group's general working capital and capital expenditure for expansion or renovation with our Group having to submit evidence of fund usage; (iii) HK$20.0 million ("**HIBOR Loan**") of such banking facilities is subject to having to keep the bank advised before any new site acquisition; and (iv) HK$16.5 million of such banking facilities are overdraft facilities for general working capital purposes. In addition, the Term Loan is subject to repayment 35 months from the date of drawdown and the HIBOR Loan is subject to repayment by 59 monthly instalments. Therefore, we do not consider the Term Loan and the HIBOR Loan as appropriate banking facilities to fund our Group's expansion of our network of care and attention homes in Hong Kong through acquisition of a suitable property to establish a new care and attention home. The Net Proceeds will enable us to pursue our business strategies with the support of capital and allow us to grasp the relevant investment opportunities in a timely manner.

During the Track Record Period, we had a high gearing ratio and incurred finance costs. As the Listing will enable our Group to have access to capital market for raising funds both at the time of the Listing and at later stages such as through the issuance of equity and/or debt securities as and when necessary in furtherance of our strategies and expansion plans with relatively lower finance costs, our Directors believe that the additional capital would alleviate our gearing ratio and overall financial risk profile after the Listing.

In addition, we believe that a public listing status is a form of complimentary advertising which will enhance our corporate profile, assist in reinforcing our brand awareness and market reputation, enhance our credibility with the public and potential business partners and offer us a broader shareholder base which will provide liquidity in the trading of the Shares.

See "Future Plans and Use of Proceeds — Reasons for the Listing" in this prospectus for further details.

THE SELLING SHAREHOLDER

The Placing comprises 233,280,000 Shares of which 43,200,000 Shares are being sold by Pine Active Care, the Selling Shareholder. Assuming an Offer Price of HK$0.66, which represents the mid-point of the indicative Offer Price Range, we estimate that the net proceeds to the Selling Shareholder from the sale of the Sale Shares (after deduction of the proportional underwriting commission, brokerage fee, SFC transaction levy and Stock Exchange trading fee and any stamp duty payable by the Selling Shareholder in relation to the Share Offer) will be approximately HK$27.5 million. Our Company will not receive any proceeds from the sale of the Sale Shares. See "Appendix V — E. Other Information — 7. Particulars of the Selling Shareholder" in this prospectus for further details.

STATISTICS OF THE SHARE OFFER

The table below sets out the offering statistics of the Share Offer, assuming that the Share Offer has been completed and 864,000,000 Shares in issue without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

	Based on the minimum indicative Offer Price of HK$0.63 per Offer Share	**Based on the maximum indicative Offer Price of HK$0.69 per Offer Share**
Market capitalisation of our Shares expected to be in issue following completion of the Share Offer and the Capitalisation Issue *(Note 1)*	HK$544.3 million	HK$596.2 million
Unaudited pro forma adjusted consolidated net tangible assets per Share *(Notes 2 and 3)*	HK$0.18	HK$0.19

Notes:

(1) The calculation of market capitalisation is based on 864,000,000 Shares expected to be in issue immediately following the completion of the Share Offer and the Capitalisation Issue.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share has been prepared after the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information — Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" in this prospectus and on the basis of 864,000,000 Shares expected to be in issue assuming that the Share Offer and the Capitalisation Issue had been completed.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share does not take into account a special dividend of HK$25,561,000 declared by our Company to its then shareholder in September 2016. Had the special dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK$0.15 (assuming the Offer Price of HK$0.63 per Offer Share) and HK$0.16 (assuming the Offer Price of HK0.69 per Offer Share), respectively.

DIVIDENDS

During the Track Record Period, no dividend had been paid or declared by our Company. The dividends declared by Prime Health to its then shareholders was nil, approximately HK$21.3 million, HK$52.2 million and nil for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. On 6 September 2016, our Company declared a special dividend to Pine Active Care, one of our Controlling Shareholders, of approximately HK$25.6 million which will be settled by set-off against the amount due from Pine Active Care, one of our Controlling Shareholders which was resulted from (i) the disposal of Giant Success by our Group to Pine Active Care for the consideration HK$17.1 million; and (ii) the subsequent disposal of certain properties of Grant Smart to Giant Success of net consideration of approximately HK$8.4 million (after netting off the related outstanding mortgage loan of approximately HK$5.6 million). See

"History, Development and Reorganisation — Reorganisation Steps — Disposal of Giant Success to Pine Active Care and disposal of the Excluded Properties to Giant Success" in this prospectus for further details of the Reorganisation. Our Group currently does not have a dividend policy. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

LISTING EXPENSES

The estimated total listing expenses in relation to the Listing primarily consist of underwriting commissions in addition to professional fees paid to the Sole Sponsor, our legal advisers and our reporting accountants for their services rendered in relation to the Share Offer. Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$0.66 per Offer Share, being the mid-point of our indicative Offer Price Range for the Share Offer as stated in this prospectus, the estimated total listing expenses in relation to the Listing will be approximately HK$28.1 million, of which approximately HK$1.0 million will be borne by the Selling Shareholder. The listing expenses in relation to the Listing to be borne by our Company are estimated to be approximately HK$27.1 million of which approximately HK$1.6 million and approximately HK$4.9 million was recognised in our consolidated statement of profit or loss for the year ended 31 March 2016 and the four months ended 31 July 2016, respectively. Our Group expects to recognise approximately HK$10.1 million in the consolidated statement of profit or loss for the eight months ending 31 March 2017; while approximately HK$10.5 million is directly attributable to the issue of new Shares and is expected to be deducted against our Group's equity after the Listing. Accordingly, the financial results of our Group for the year ending 31 March 2017 are expected to be affected by the estimated listing expenses in relation to the Share Offer. The estimated listing expenses in relation to the Listing are subject to adjustments based on the actual amount incurred or to be incurred.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period, (i) our overall average monthly occupancy rate for the period from 1 April 2016 to the Latest Practicable Date was approximately 94.2%, which remained at a stable level as compared to that for the four months ended 31 July 2016 of approximately 95.0%; (ii) our average monthly occupancy rate in respect of residential care places purchased by the SWD under the EBPS for the period from 1 April 2016 to the Latest Practicable Date was approximately 98.2% which remained at a stable level as compared to that for the four months ended 31 July 2016 of approximately 98.3%; and (iii) our average monthly occupancy rates for residential care places purchased by individual customers for the period from 1 April 2016 to the Latest Practicable Date was approximately 87.8%, which remained at a stable level as compared to that for the four months ended 31 July 2016 of approximately 89.8%. The pricing of our services remained stable subsequent to the Track Record Period and up to the Latest Practicable Date.

On 30 November 2016, our applications to the SWD in respect of three of our care and attention homes with EA2 classification to upgrade to EA1 classification pursuant to the Enhanced Bought Place Scheme were conditionally approved. In order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R, we plan to reduce the total number of existing residential care places in these three care and attention homes, namely Pine Care Centre, Pine Care (Tak Fung) Elderly Centre and Pinecrest Elderly Centre, from 313 to 263 upon completion of the upgrade to EA1 classification which we currently expect will take place by the fourth quarter of 2017. Accordingly, the total number of residential care places under the EBPS for these three care and attention homes is expected to decrease from 199 to 176 upon the upgrade to EA1 classification.

Further, in response to the letter dated 30 November 2016 received by Gericare Centre in relation to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the Possible Acquisition. The Target Company is the licence holder of an existing care and attention home in Hong Kong. As at the Latest Practicable Date, the Formal Agreement had not been entered into. Assuming that the Possible Acquisition materialises and the relocation of Pine Care (Po Tak Branch) Elderly Centre will take place, it is estimated that (i) the relocation will result in a reduction in the total number of residential places available at our Group by approximately 27 as we estimate that the total number of residential places available at the Target RCHE will be approximately 113 as compared to a total of 140 residential places currently available at Pine Care (Po Tak Branch) Elderly Centre; and (ii) there will be a reduction in the total number of residential places under the EBPS available at our Group by approximately 19 as we estimate that the total number of residential places under the EBPS available at the Target RCHE will be approximately 79 as compared to a total of 98 residential places under the EBPS currently available at Pine Care (Po Tak Branch) Elderly Centre due to the smaller floor area of the Target Premises as compared to that of the premises currently occupied by Pine Care (Po Tak Branch) Elderly Centre. Nevertheless, we believe that the vacant places available at our other care and attention homes will be sufficient to accommodate the shortfall in relation to individual customers while the SWD will be responsible for arranging the transfer of the remaining residents participating under the EBPS.

Our Directors do not expect that the relocation as a result of the Possible Acquisition, if materialised, will have a material adverse impact on our existing operations since, among others,

(i) we expect that there will be no material change to the number of our employees as a majority of our staff of Pine Care (Po Tak Branch) Elderly Centre will be retained and transferred to the Target RCHE;

(ii) it is expected that the interruption to the business of Pine Care (Po Tak Branch) Elderly Centre will mainly be caused by the time and effort it will take to physically transfer the existing residents from Pine Care (Po Tak Branch) Elderly Centre to the Target RCHE, however, we believe that the extent of such interruption, its impact on our Group and the residents of Pine Care (Po Tak Branch) Elderly Centre as a result of the relocation will be minimal because (a) we have had prior experiences in the logistical arrangements from the relocation of the operations of Previous New Pine Care Centre to the current New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre in 2010; and relocation of the operations of Tsz Wan Shan Pine Care Elderly Home to Pine Care (Tak Fung) Elderly Centre; and (b) we will make all the necessary logistics arrangements and monitor the entire transfer process to ensure that it will be smooth;

(iii) we will ensure that the Target RCHE will satisfy the staffing and spacing requirements for EA1 classification under the RCH(EP)R;

(iv) no material renovation and modification work to the Target Premises is required as the Target Premises is currently used by the Target Company for the operation of an existing care and attention home; and

(v) given that there is currently a strong demand for residential care places in Hong Kong, the relocation to the Target RCHE represents an opportunity to save time and effort of the existing residents of Pine Care (Po Tak Branch) Elderly Centre and/or their families to seek for another care and attention home, our Directors believe that the relocation is in the interest of our Group as well as the elderly society in Hong Kong. We will ensure that the Target RCHE will satisfy the enhanced standards for EA1 classification, such as having a minimum net floor area per resident of 9.5 m^2 and the relevant staffing requirement (such as having at least one home manager, two registered/enrolled nurses, and two health workers). See "Regulatory Overview — Regulations in relation to the operation of Residential Care Homes For the Elderly — Enhanced Bought Place Scheme (EBPS)" in this prospectus for details of the relevant requirements. Based on our preliminary understanding on (a) the SWD's requirements on enhanced standards (such as staffing and spacing requirements) for the application by a care and attention home to participate in the EBPS; and (b) the Target Company, particularly its satisfactory compliance record (such as the nature of the warning letter received by the Target Company or the Target RCHE from the SWD) based on our preliminary due diligence which we believe is relevant to our operation, our Directors believe that there will be no major difficulty for the Target Company to enter into a new EBPS Agreement in relation to the Target RCHE after termination of the existing EBPS Agreement entered into between Gericare Centre and the SWD in relation to Pine Care (Po Tak Branch) Elderly Centre due to the relocation.

In addition, we expect that (i) we will incur capital expenditure which will comprise mainly renovation material costs; (ii) based on the consideration for the Possible Acquisition of HK$13,880,000 as set out in the MOU, we expect to recognise an intangible asset of the RCHE licence of the Target RCHE of approximately HK$13.7 million and property, plant and equipment of approximately HK$0.2 million on our consolidated statements of financial position, if the Possible Acquisition materialises; and (iii) respective amortisation and depreciation are expected to be charged to our consolidated statements of profit or loss.

See "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus for details of the Possible Acquisition and "Business — Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre" in this prospectus for details of the possible relocation as a result of the Possible Acquisition, if materialised.

Although Pine Care (Po Tak Branch) Elderly Centre contributed approximately HK$18.3 million, HK$19.6 million, HK$20.3 million, and HK$7.0 million to our total revenue and approximately HK$2.4 million, HK$2.2 million, HK$2.3 million and HK$1.0 million of our profit before tax from continuing operations during the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 12.4%, 12.0%, 11.8% and 11.8% of our total revenue and approximately 13.6%, 5.1%, 8.9% and 6.8% of our profit before tax from continuing operations for such periods, respectively, our Directors do not expect that the Early Termination will have a material adverse impact on our Group in the long run after taking into account that we expect to commence business operation of our Pine Care Place in September 2017 and we plan to utilise our Net Proceeds to further expand our network of care and attention homes in Hong Kong.

As at the Latest Practicable Date, the occupation permit covering the premises where the Pine Care Place is to form part had been issued and we had not received the notification to move in to the premises from the landlord. We currently expect that the Pine Care Place Tenancy Agreement will commence from February 2017 (subject to the said notification to move in to the premises from the landlord).

Our Directors confirm that since 31 July 2016, being the date to which the latest audited financial information of our Group was made up, and up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospect.

MATERIAL NON-COMPLIANCE INCIDENTS

During the Track Record Period, we had previously been involved in certain non-compliance incidents such as non-compliance with building-related statutory provisions and statutory requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and Inland Revenue Ordinance. In addition, during the Track Record Period, three of our care and attention homes had received four warning letters and one verbal warning for non-compliance with the RCHE Code of Practice. See "Business — Legal compliance and litigation — Compliance with Laws and Regulations" in this prospectus for further details.

HIGHLIGHTS OF RISK FACTORS

Our Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond our Group's control. Our Group has categorised these risks and uncertainties into: (i) risks relating to our business and industry; and (ii) risks relating to the Share Offer. The following highlights some of the risks which are considered to be material by our Directors:

- if our RCHE licences are suspended, cancelled or not reserved, or if we fail to obtain a new RCHE licence for any new RCHE that we operate, we may be unable to maintain or expand our operations;
- we depend on the SWD for a significant portion of our revenue;
- we are required to comply with staffing requirements and our performance depends on our ability to recruit and retain quality and qualified staff. In addition, the RCHE industry in Hong Kong is faced with manpower shortage which may adversely affect our labour costs;
- we may not be able to attract and retain our Directors and senior management, which may severely disrupt our business, results of operation and future prospects;
- we may need additional capital to fund the expansion plan and growth in the future, which we may not be able to obtain on acceptable terms, or at all;
- we rely on our reputation within the RCHE industry. In addition, we are exposed to inherent risks of caretaking incidents and legal proceedings arising from our operations. Resolving caretaking incidents and proceedings could result in significant costs and materially and adversely affect our reputation and business; and
- we may not receive further government grants and the loss of which may affect our financial position.

See "Risk Factors" in this prospectus for further details.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Acting In Concert Confirmation And Undertaking"	a confirmation and undertaking entered into among Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho dated 7 September 2016, further details of which are set out in "Relationship with our Controlling Shareholders" in this prospectus
"Added Twist"	Added Twist Limited, a company incorporated in Hong Kong with limited liability on 30 March 2005. Added Twist was formerly an indirect wholly-owned subsidiary of our Company prior to the completion of the Reorganisation and is currently a subsidiary of Pine Care River which in turn is a direct wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders
"Aplica Pacific"	Aplica Pacific Limited (電力寶太平洋有限公司), a company incorporated in Hong Kong with limited liability on 22 March 1994, which is owned as to 50%, 25% and 25% by Mr. Lam Yat Hon (our non-executive Director), Mr. Elson Yim and Mr. Alex Ng, respectively. Mr. Lam Yat Hon, Mr. Elson Yim and Mr. Alex Ng are also directors of Aplica Pacific
"Application Form(s)"	the **WHITE** Application Form(s), **YELLOW** Application Form(s), **GREEN** Application Form(s) and **PINK** Application Form(s) or, where the context so requires, any of them, which is used in relation to the Public Offer
"Articles" or "Articles of Association"	the articles of association of the Company conditionally adopted on 23 January 2017 and effective on the Listing Date, as amended or supplemented from time to time
"associate(s)"	has/have the meaning ascribed to it/them under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Best Luck"	Best Luck Enterprises Limited (啟亨企業有限公司), a company incorporated in Hong Kong with limited liability on 16 February 2000. Best Luck was formerly an indirect wholly-owned subsidiary of our Company prior to the completion of the Reorganisation and is currently a subsidiary of Pine Care River which in turn is a direct wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders

"Besting Holdings"	Besting Holdings Limited (百興集團有限公司), a company incorporated in Hong Kong with limited liability on 18 March 1998 and an indirect wholly-owned subsidiary of our Company. Besting Holdings is the licence holder of (i) New Pine Care Centre (LORCHE No. 1240), the operating address of which is at Portion of G/F, 1/F, 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate & F20–F22 on 3/F, Lee Foo House, Shun Lee Estate, Kowloon, and (ii) Pine Care (Lee Foo) Elderly Centre (LORCHE No. 1241), the operating address of which is at 101–108, 1/F Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon
"Board" or "Board of Directors" or "our Board"	the board of directors of our Company
"business day(s)"	any day(s) (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 647,999,999 Shares to Pine Active Care to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company upon completion of the Share Offer
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chun Fai"	Chun Fai Development Limited (俊暉發展有限公司), a company incorporated in Hong Kong with limited liability on 10 December 1985 and an indirect wholly-owned subsidiary of our Company

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company" or "our Company"	Pine Care Group Limited (松齡護老集團有限公司), a company incorporated in the Cayman Islands on 18 August 2015 as an exempted company with limited liability under the Cayman Companies Law
"Controlling Shareholder(s)"	has/have the meaning ascribed to it/them under the Listing Rules and, in the context of this prospectus refers to Pine Active Care, Silverage Pine Care, Siverage Pillar, Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Ms. Suen, Mr. Billy Yim, Mr. Edwin Yim and Ms. Chu
"Deed of Indemnity"	the deed of indemnity dated 26 January 2017 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), further details of which are set out in Appendix V to this prospectus
"Deed of Non-Competition"	the deed of non-competition dated 26 January 2017 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) regarding the non-competition undertakings as more particularly set out in "Relationship with our Controlling Shareholders — Non-competition Undertaking" in this prospectus
"Directors" or "our Directors"	the directors of our Company
"Early Termination"	the early termination of the tenancy agreement by the landlord of the premises currently occupied by Pine Care (Po Tak Branch) Elderly Centre, whose licence is held by Gericare Centre, with effect from 31 May 2017 due to refurbishment of the building of which such premises forms part pursuant to a letter dated 30 November 2016 received by Gericare Centre

"Eligible Employees"	all full-time employees (as defined under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong)) of our Group who have joined our Group on or before the Latest Practicable Date and have a Hong Kong address (other than the chief executive or directors of our Company or its subsidiaries, existing beneficial owners of the Shares or any of their respective associates and any other connected persons of our Company)
"Employee Preferential Offering"	the offer of up to 2,592,000 Public Offer Shares to Eligible Employees as described in "Structure and Conditions of the Share Offer — Employee Preferential Offering" in this prospectus
"Employee Reserved Shares"	the 2,592,000 Public Offer Shares (representing 1% of the Offer Shares initially available under the Share Offer) available in the Employee Preferential Offering and which are to be allocated out of the Public Offer Shares
"Fitbest"	Fitbest Corporation Limited (適雅有限公司), a company incorporated in Hong Kong with limited liability on 3 November 2000 and an indirect wholly-owned subsidiary of our Company. Fitbest is the licence holder of Pine Care (Manning) Elderly Centre (LORCHE No. 1015), the operating address of which is at G/F–3/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon
"Fitgarden"	Fitgarden Limited (威家達有限公司), a company incorporated in Hong Kong with limited liability on 3 September 1987 and an indirect wholly-owned subsidiary of our Company
"Formal Agreement"	the final and legally binding sale and purchase agreement in relation to the Possible Acquisition
"Fully Trend"	Fully Trend Limited (滿來有限公司), a company incorporated in Hong Kong with limited liability on 24 October 2007 and an indirect wholly-owned subsidiary of our Company

"Gericare Centre"	Gericare Centre Limited (保德護老中心有限公司), formerly known as Fine Quarter Limited (嘉濠有限公司), a company incorporated in Hong Kong with limited liability on 6 June 1997 and an indirect wholly-owned subsidiary of our Company. Gericare Centre is the licence holder of (i) Pine Care (Po Tak) Elderly Centre (LORCHE No. 0693), the operating address of which is at Shop 10 G/F, 1/F & 2/F, Win Fong Heights, 180 Hing Fong Road, Kwai Chung, New Territories, and (ii) Pine Care (Po Tak Branch) Elderly Centre (LORCHE No. 0932), the operating address of which is at Shop H on G/F, 1/F–4/F, 41–43 Shing Fong Street, 204 Hing Fong Road and 31–35, 37, 39–41, Ko Fong Street, Kwai Chung, New Territories
"Giant Success"	Giant Success International Holdings Limited (宏倡國際集團有限公司), a company incorporated in Hong Kong with limited liability on 27 June 2005. Giant Success was formerly an indirect wholly-owned subsidiary of our Company prior to the completion of the Reorganisation and is currently a direct wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders
"Grand Prosper"	Grand Prosper Holdings (BVI) Limited, a company incorporated in BVI with limited liability on 7 April 2010 and an indirect wholly-owned subsidiary of our Company
"Gransing Securities"	Gransing Securities Co., Limited, a licenced corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
"Grant Smart"	Grant Smart Development Limited (建日發展有限公司), a company incorporated in Hong Kong with limited liability on 28 February 2000 and an indirect wholly-owned subsidiary of our Company
"**GREEN** Application Form(s)"	the application form(s) to be completed by the HK eIPO White Form Service Provider
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

"Guotai Junan Securities"	Guotai Junan Securities (Hong Kong) Limited, a licenced corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
"Hinta Enterprises"	Hinta Enterprises Limited (鴻大企業有限公司), a company incorporated in Hong Kong with limited liability on 19 July 1994 and an indirect wholly-owned subsidiary of our Company. Hinta Enterprises is the licence holder of Pinecrest Elderly Centre (LORCHE No. 0790), the operating address of which is at G/F, No. 36, Tung Ming Street and 1/F, No. 63 Hong Ning Road, Kwun Tong, Kowloon
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK eIPO White Form"	the application for Public Offer Shares to be registered in the applicant's own name by submitting applications online through the designated website of HK eIPO White Form at **www.hkeipo.hk**
"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designed by our Company, as specified on the designated website at **www.hkeipo.hk**
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Fai Property"	the property comprising the Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143–145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong, property no. 5 as set out in Appendix III to this prospectus
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Government" or "HK Government"	the Government of the Hong Kong Special Administrative Region
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited

"Independent Third Party(ies)"	a person(s) or company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is not or are not connected person(s) (as defined under the Listing Rules) of our Company
"Ipsos"	Ipsos Limited (formerly known as Ipsos Hong Kong Limited), a professional market research company and an Independent Third Party
"Ipsos Report"	an industry report prepared by Ipsos which was commissioned by us in relation to, among others, the market landscape and competitive analysis for elderly homes in Hong Kong
"Joint Bookrunners" or "Joint Lead Managers"	Guotai Junan Securities and Gransing Securities
"Latest Practicable Date"	17 January 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Legal Counsel"	Mr. Martin W.H. Wong, barrister-at-law of Hong Kong and legal adviser to our Company as to certain aspects of Hong Kong law relating to our Group
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date on which dealings in our Shares on the Main Board of the Stock Exchange commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Mainfield"	Mainfield Limited (懋輝有限公司), a company incorporated in Hong Kong with limited liability on 28 November 1996 and an indirect wholly-owned subsidiary of our Company
"Manchester Rehabilitation"	Manchester Rehabilitation Services Limited (曼徹斯特復康服務有限公司), formerly known as Power Happy Limited (威喜有限公司), a company incorporated in Hong Kong with limited liability on 30 March 2011 and an indirect wholly-owned subsidiary of our Company

"Manning Property"	the property comprising the Cinema occupying the western portion of the Ground, 1st, 2nd and 3rd Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Tsz Wan Shan, Kowloon, property no. 4 as set out in Appendix III to this prospectus
"Masswell Development"	Masswell Development Limited (萬事佳發展有限公司), a company incorporated in Hong Kong with limited liability on 8 September 2004 and an indirect wholly-owned subsidiary of our Company. Masswell Development is the licence holder of Pine Care Hong Fai Elderly Centre (formerly known as Hong Fai Elderly Centre) (LORCHE No. 1152), the operating address of which is at Portion of G/F, whole of 1/F–3/F, 143–145 Shaukeiwan Road, Hong Kong
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, as amended or supplemented from time to time
"MOU"	the non-legally binding memorandum of understanding dated 4 January 2017 entered into among Pine Care Elderly Home and certain Independent Third Parties, namely, the Vendors, Ms. Luk Ngai Ling Irene and Ms. Luk Ngai Si Icy, in relation to the Possible Acquisition. See "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus for further details of the MOU
"Mr. Alex Ng"	Ng Kwok Fu Alex (吳國富), one of our non-executive Directors, one of the co-founders of our Group, the spouse of Ms. Suen, and one of our Controlling Shareholders
"Mr. Billy Yim"	Yim Billy Pui Kei (嚴沛基), one of our executive Directors, and our chief executive officer, a son of Mr. Elson Yim and Ms. Mona Cho, a brother of Mr. Edwin Yim, and one of our Controlling Shareholders
"Mr. Edwin Yim"	Yim Edwin Pui Hin (嚴沛軒), one of our executive Directors, a son of Mr. Elson Yim and Ms. Mona Cho, a brother of Mr. Billy Yim, and one of our Controlling Shareholders
"Mr. Elson Yim"	Yim Ting Kwok (嚴定國), one of our executive Directors, one of the co-founders of our Group, chairman of our Board, the spouse of Ms. Mona Cho, the father of Mr. Billy Yim and Mr. Edwin Yim, and one of our Controlling Shareholders

"Ms. Chu"	Chu Lai King (朱麗琼), a director of certain of our subsidiaries, one of the members of our senior management, and one of our Controlling Shareholders
"Ms. Leu"	Leu Sou Jon (廖淑莊), the mother of Mr. Elson Yim, the mother-in-law of Ms. Mona Cho, and the grandmother of Mr. Billy Yim and Mr. Edwin Yim. Mr. Elson Yim, Ms. Mona Cho, Mr. Billy Yim and Mr. Edwin Yim are our executive Directors. Ms. Leu was interested in 100% of the issued shares in Well Mount throughout the Track Record Period, and is the former director of Manchester Rehabilitation
"Ms. Mona Cho"	Cho Wing Yin (曹詠妍), one of our executive Directors, the spouse of Mr. Elson Yim, the mother of Mr. Billy Yim and Mr. Edwin Yim, and one of our Controlling Shareholders
"Ms. Suen"	Suen Mi Lai Betty (孫美麗), the spouse of Mr. Alex Ng and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of our Board
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.69 and expected to be not less than HK$0.63, such price to be determined by agreement among the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on or before the Price Determination Date
"Offer Price Range"	HK$0.63 to HK$0.69 per Offer Share
"Offer Shares"	the Public Offer Shares (including the Employee Reserved Shares) and the Placing Shares

"Over-allotment Option"	the option expected to be granted by us to the Placing Underwriters, in the event that the size of the Share Offer is equal to or more than HK$100 million, under the Placing Underwriting Agreement, exercisable by the Sole Global Coordinator (on behalf of the Placing Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 38,880,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Share Offer) at the Offer Price, to, among other things, cover over-allocations in the Placing, if any, as further described in "Structure and Conditions of the Share Offer" in this prospectus
"Pacific First"	Pacific First Limited (太平洋有限公司), a company incorporated in Hong Kong with limited liability on 9 November 1995 and an indirect wholly-owned subsidiary of our Company. Pacific First is the licence holder of Pine Care (Tak Fung) Elderly Centre (LORCHE No. 1300), the operating address of which is at Shops 89 & 91, G/F, 1/F, 2/F and Portion of 3/F, Tak Fung Building, 85–91 Lai Chi Kok Road, Kowloon
"Pine Active Care"	Pine Active Care Limited, a company incorporated in BVI with limited liability on 22 June 2015 and one of our Controlling Shareholders. As at the Latest Practicable Date, Pine Active Care was owned as to 90% by Silverage Pine Care and as to 10% by Silverage Pillar. Pine Active Care is the Selling Shareholder
"Pine Care Centre"	Pine Care Centre Limited (松齡護理安老院有限公司), formerly known as Youth Development Asia Limited (青展(亞洲)有限公司), a company incorporated in Hong Kong with limited liability on 9 July 1982 and an indirect wholly-owned subsidiary of our Company. Pine Care Centre is the licence holder of Pine Care Centre (LORCHE No. 0163), the operating address of which is at Shop B6–B14, C5–C7, C11–C15, G/F, Shui Ning House, 24–50 Shui Ning Street, Kwun Tong, Kowloon
"Pine Care China BVI"	Pine Care China Limited, a company incorporated in BVI with limited liability on 19 August 2015 and a direct wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders

"Pine Care China HK"	Pine Care China Limited (松齡中國護老有限公司), a company incorporated in Hong Kong with limited liability on 9 September 2015. Pine Care China HK is a direct wholly-owned subsidiary of Pine Care China BVI and an indirect wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders
"Pine Care Elderly Home"	Pine Care Elderly Home Development Limited (松齡護老院發展有限公司), formerly known as Pine Care Development Limited (松齡發展有限公司), a company incorporated in Hong Kong with limited liability on 16 February 2001 and an indirect wholly-owned subsidiary of our Company
"Pine Care Elegance"	Pine Care Elegance Limited (松齡雅匯有限公司), a company incorporated in Hong Kong with limited liability on 8 December 2016 and an indirect wholly-owned subsidiary of our Company
"Pine Care Elite"	Pine Care Elite Limited (松齡俊匯有限公司), a company incorporated in Hong Kong with limited liability on 31 December 2015 and an indirect wholly-owned subsidiary of our Company
"Pine Care Health"	Pine Care Health Initiative Limited, a company incorporated in BVI with limited liability on 26 August 2015 and a direct wholly-owned subsidiary of our Company
"Pine Care Place"	the new care and attention home to be developed under the trade name of "Pine Care Place (松齡雅苑)" pursuant to the Pine Care Place Development Plan
"Pine Care Place Development Plan"	the future plan in relation to the development of a care and attention home in Yoho Mall I (Extension), as more particularly described in the sub-section headed "Business — Pine Care Place Development Plan" in this prospectus
"Pine Care Place Tenancy Agreement"	the tenancy agreement dated 9 May 2016 entered into by Pine Care Elite, our indirect wholly-owned subsidiary, in respect of a care and attention home to be developed under the Pine Care Place Development Plan on the ground level to level 3 of the commercial accommodation of the development erected on Yuen Long Town Lot No. 507, namely Yoho Mall I (Extension)
"Pine Care River"	Pine Care River Bright Limited, a company incorporated in BVI with limited liability on 25 August 2015 and a direct wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders

"Pinecrest Property"	the property comprising Shop No. 10 on Ground Floor and whole 1st Floor, Elly House, Nos. 57–69 Hong Ning Road and Nos. 32–38 & 38A Tung Ming Street, Kwun Tong, Kowloon, property no. 3 as set out in Appendix III to this prospectus
"**PINK** Application Form(s)"	the application form(s) for use by Eligible Employees to subscribe for Employee Reserved Shares pursuant to the Employee Preferential Offering
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of the Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the Placing Underwriting Agreement, as further described in "Structure and Conditions of the Share Offer"
"Placing Shares"	233,280,000 Shares, comprising 190,080,000 new Shares being initially offered by us for subscription and 43,200,000 Sale Shares being initially offered by the Selling Shareholder for purchase pursuant to the Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Placing Underwriters"	the underwriters for the Placing who are expected to enter into the Placing Underwriting Agreement
"Placing Underwriting Agreement"	the underwriting agreement relating to the Placing to be entered into by, among others, the Company and the Placing Underwriters on or about the Price Determination Date, as further described in "Underwriting" in this prospectus
"Po Tak Property"	the property comprising Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of Shop No. 10 and in the cockloft thereof leading from Shop No. 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), the whole of the 1st and 2nd Floors including the staircase in the entrance hall and the staircases adjacent to Shop Nos. 1, 6 and 7 leading from G/F to 2/F level, Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories, property no. 6 as set out in Appendix III to this prospectus

"Possible Acquisition"	the possible acquisition of (i) the entire issued share capital of the Target Company and (ii) its shareholders' loan due to the Vendors, by Pine Care Elderly Home from the Vendors at a consideration of HK$13,880,000 pursuant to the MOU. See "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus for further details of the Possible Acquisition
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Price Determination Date"	the date expected to be on 9 February 2017, but no later than 13 February 2017, on which the Offer Price is fixed for the purpose of the Share Offer
"Prime Health"	Prime Health Holdings Limited (康保控股有限公司), formerly known as Pine Care (Holdings) Limited (松齡(控股)有限公司), Pine Care Elderly Home (Holdings) Limited (松齡護老院(控股)有限公司) and Pine Care (Holdings) Limited (松齡(控股)有限公司), a company incorporated in Hong Kong with limited liability on 10 January 2001 and an indirect wholly-owned subsidiary of our Company
"Public Offer"	the offer by us of the Public Offer Shares to the public in Hong Kong for subscription at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in "Structure and Conditions of the Share Offer"
"Public Offer Shares"	25,920,000 new Shares being initially offered by us for subscription pursuant to the Public Offer
"Public Offer Underwriters"	the underwriters listed in "Underwriting — Underwriters — Public Offer Underwriters", being the underwriters of the Public Offer
"Public Offer Underwriting Agreement"	the underwriting agreement dated 26 January 2017 relating to the Public Offer entered into by, among others, the Company and the Public Offer Underwriters, as further described in "Underwriting"
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board

"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in "History, Development and Reorganisation — Reorganisation"
"Reorganisation Agreement"	the reorganisation agreement dated 24 May 2016 entered into, among others, Top Benchmark Limited, River Bright Limited, Mr. Alex Ng, Moral Wealth Development Limited, Ms. Suen, Ms. Chu, Mr. Edwin Yim, Pine Care Health and Pine Active Care, in respect of the sale and purchase of the shares in Prime Health
"Right of First Refusal Deed"	the right of first refusal deed dated 26 January 2017 executed by our Controlling Shareholders, Pine Care China BVI and Pine Care China HK in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), regarding the right of first refusal as more particularly set out in "Relationship with our Controlling Shareholders — Rule 8.10 of the Listing Rules — Right of first refusal in respect of the disposal of interest in World Pine" in this prospectus
"Ruby International"	Ruby International Investment Limited (紅寶石國際投資有限公司), a company incorporated in Hong Kong with limited liability on 9 April 1997 and an indirect wholly-owned subsidiary of our Company
"Sale Shares"	43,200,000 Shares being initially offered by the Selling Shareholder for sale under the Share Offer
"Selling Shareholder"	Pine Active Care
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of Shares
"Share Offer"	the Public Offer (including the Employee Preferential Offering) and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 23 January 2017, the principal terms of which are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix V in this prospectus
"Share(s)" or "our Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company

"Silverage Pillar"	Silverage Pillar Limited, a company incorporated in BVI with limited liability on 19 June 2015, one of our Controlling Shareholders. As at the Latest Practicable Date, Silverage Pillar was owned as to approximately 74.86% by Mr. Elson Yim, approximately 18.72% by Mr. Alex Ng, approximately 0.58% each by three of its shareholders who are employees of our Group, and approximately 0.36% by each of its remaining 13 shareholders who are employees of our Group, respectively. The details of Silverage Pillar are set out in ''History, Development and Reorganisation — Reorganisation — Reorganisation Steps — Incorporation of Silverage Pine Care and Silverage Pillar" in this prospectus
"Silverage Pillar Shareholders"	the shareholders of Silverage Pillar
"Silverage Pine Care"	Silverage Pine Care Limited, a company incorporated in BVI with limited liability on 19 June 2015, one of our Controlling Shareholders. As at the Latest Practicable Date, Silverage Pine Care was owned as to approximately 43.00% by Mr. Elson Yim, approximately 9.90% by Mr. Alex Ng, approximately 6.59% by Ms. Mona Cho, approximately 0.73% by Ms. Suen, approximately 6.37% by Mr. Billy Yim, approximately 0.18% by Mr. Edwin Yim, approximately 7.49% by Ms. Chu and as to not more than 5.0% by each of its remaining 23 shareholders. The details of Silverage Pine Care are set out in "History, Development and Reorganisation — Reorganisation — Reorganisation Steps — Incorporation of Silverage Pine Care and Silverage Pillar" in this prospectus
"Silverage Pine Care Shareholders"	the shareholders of Silverage Pine Care
"Sole Global Coordinator" or "Stabilising Manager"	Guotai Junan Securities
"Sole Sponsor"	Guotai Junan Capital Limited, a licenced corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time

"Tak Fung Property 1"	the property comprising Shops 89 and 91 on Ground Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Mong Kok, Kowloon, property no. 1 as set out in Appendix III to this prospectus
"Tak Fung Property 2"	the property comprising the whole of 1st and 2nd Floors, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Mong Kok, Kowloon, property no. 2 as set out in Appendix III to this prospectus
"Target Company"	a company incorporated in Hong Kong with limited liability which is the licence holder of an existing care and attention home in Hong Kong. Pursuant to the MOU, its entire issued share capital and shareholders' loan were proposed to be acquired under the Possible Acquisition. Prior to the completion of the Possible Acquisition, if materialised, the Target Company is an Independent Third Party
"Target Premises"	the premises currently occupied by the existing care and attention home operated by the Target Company which will, upon completion of the Possible Acquisition (if materialised), be continued to be occupied by the Target RCHE
"Target RCHE"	the new care and attention home to be operated by the Target Company upon completion of the Possible Acquisition, if materialised
"Track Record Period"	the three years ended 31 March 2016 and the four months ended 31 July 2016
"Upgrade"	the upgrade of Pine Care Centre, Pine Care (Tak Fung) Elderly Centre and Pinecrest Elderly Centre from EA2 classification to EA1 classification under the Enhanced Bought Place Scheme pursuant to an application made to the SWD in September 2016 and the conditional approval of the SWD on 30 November 2016
"Upgrading Care and Attention Homes"	Pine Care Centre, Pine Care (Tak Fung) Elderly Centre and Pinecrest Elderly Centre which are subject to the Upgrade
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

"U.S. Securities Act"	the United States Securities Act 1933, as amended or supplemented from time to time
"Vendors"	Billion Fortune International Limited, Grand Profit Enterprise Limited and Regent Gold Business Limited, being the vendors named in the MOU, all of which are Independent Third Parties
"Well Mount"	Well Mount Limited (佳升有限公司), a company incorporated in Hong Kong with limited liability on 12 January 2006, and is wholly-owned by Ms. Leu
"Wellfield Properties"	Wellfield Properties Development Limited (田康地產發展有限公司), formerly known as Wealth Pine Limited (松康有限公司), a company incorporated in Hong Kong with limited liability on 23 September 2005 and an indirect wholly-owned subsidiary of our Company
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's own name
"Witmart Design"	Witmart Design & Construction Co. Limited (威馬設計裝修工程有限公司), formerly known as Wellrich Transportation Limited (威裕運輸有限公司), Witmart International Limited (威馬特惠會有限公司) and Witmart International Limited (威馬實惠會有限公司), a company incorporated in Hong Kong with limited liability on 16 March 1993 and an indirect wholly-owned subsidiary of our Company
"World Pine"	World Pine Elderly Care Services Limited (深圳世松安老服務有限公司), a limited liability company established in the PRC on 8 December 2015, which is owned as to 50% each by Pine Care China HK and an Independent Third Party
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"%"	per cent

In this prospectus, unless otherwise stated or the context otherwise requires,

- *the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires;*

- *amounts and percentage figures, including share ownership and operating data, may have been subject to rounding adjustments. Where information is presented in thousands or millions, amounts of less than one thousand or one million, as the* *case may be, have been rounded to the nearest hundred or hundred thousand, respectively, and amounts presented as percentages have been rounded to the nearest tenth of a percent. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and*

- *if there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.*

- *For ease of reference, the names of the PRC established companies, entities, laws and regulations have been included in this prospectus in both Chinese and English. The name in Chinese is the official name of each such company, entity, law or regulation (as the case may be), while that in English is only an unofficial translation, and in the event of any inconsistency, the Chinese name shall prevail.*

* *denotes an English translation of a Chinese name and is for identification purposes only.*

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

"aged homes" or "home(s) for the aged"	a type of RCHEs, which, according to the SWD, provide residential and support facilities with a limited degree of assistance in daily activities to elderly who are unable to live independently but are not dependent on personal or nursing care. They are assessed to be in the "no or mild impairment" category under the SCNAMES
"Barthel Index"	a 10 item ordinal scale that measures functional independence in the domains of personal care and mobility, including self-care, sphincter management, transfers and locomotion
"CAGR"	compound annual growth rate
"care and attention homes"	a type of RCHEs, which, according to the SWD, provide residential and support facilities with limited nursing care to elderly who suffer from poor health or physical or mild mental disabilities with difficulties in daily activities but are mentally suitable for communal living. They are assessed to be in the "moderate impairment" category under the SCNAMES
"Central Waiting List" or "CWL"	the Central Waiting List that has been implemented by the SWD for subsidised long-term care services since 28 November 2003 to facilitate the registration request of elderly for subsidised long term care services at a single entry point
"contract homes"	a type of residential care services for the elderly, the nature of service and eligibility criteria of which are the same as care and attention homes and nursing homes. The SWD introduced competitive bidding to residential care services for elderly in 2001, in an attempt to secure the best value services. It acts as a new mode of selecting operators (NGOs or private sector organisations) for the delivery of residential care services for elderly with moderate to severe level of impairment through an open tender and a contract agreement. Service performance of the operator is monitored by the SWD to ensure compliance with the service contract

"CSSA Scheme"	Comprehensive Social Security Assistance Scheme, which is administered by the SWD and which provides a safety net for people who cannot support themselves financially. It is designed to bring their income up to a prescribed level to meet their basic needs. Eligible candidates have to pass a residence requirement and financial tests
"EBPS Agreement"	an agreement between the SWD and a RCHE which can meet the requirements under EA1 or EA2 and has offered its places for purchase by the SWD. Such agreement sets out the minimum staffing requirement applicable to the RCHE, which is higher than the minimum staffing requirement under the RCH(EP)R and the RCHE Code of Practice
"elderly"	individuals aged 60 years or above
"Enhanced A1" or "EA1"	one of the two categories under the Enhanced Bought Place Scheme. EA1 homes have higher requirements in terms of staffing and per capita net floor space as compared to EA2 homes. As required under the Enhanced Bought Place Scheme, the staffing requirement for an EA1 homes with 40 places is 21.5, calculated on the basis of eight working hours per staff per day including relief staff and its per capita net floor area is 9.5 m^2
"Enhanced A2" or "EA2"	one of the two categories under the Enhanced Bought Place Scheme. EA2 homes have lower requirements in terms of staffing and per capita net floor area as compared to EA1 homes. As required under the Enhanced Bought Place Scheme, the staffing requirement for an EA2 homes with 40 places is 19, calculated on the basis of eight working hours per staff per day, including relief staff, and its per capita floor net area is 8 m^2
"Enhanced Bought Place Scheme" or "EBPS"	the scheme under which the SWD has purchased residential care places (beds) from private homes for the elderly since 1998, with a view to upgrading the service standard of these homes through enhanced service requirements in terms of staffing and space standard. This also helps to increase the supply of subsidised places so as to reduce elderly's waiting time for subsidised care and attention home places. Elderly homes under the EBPS are split into two categories, namely EA1 and EA2 with different space standards and staffing requirements
"GDP"	gross domestic product. All references to GDP growth rates are to real as opposed to nominal rates of GDP growth

"GFA"	gross floor area
"hostels for the elderly"	a type of RCHEs, which provide communal living accommodation, program activities and round the clock staff support for elderly who are capable of self-care
"institutionalisation rate"	percentage of elderly staying in RCHEs
"labour ratio"	the labour ratio of a RCHE represents the proportion of staff per resident. It is obtained by dividing the number of employees by the total number of residents. The higher the ratio, the more likely residents are to be receiving attention
"LORCHE"	Licensing Office of Residential Care Homes for the Elderly, which was established by the SWD for the administration of the licensing scheme under the RCH(EP)O, the RCH(EP)R and the RCHE Code of Practice
"NGO(s)"	acronym for non-governmental organisation(s), which operate(s) independently from any form of government and is/are not for profit-making
"nursing homes"	a type of RCHEs, which according to the SWD, provide residential and support facilities with the highest level of nursing care to elderly who suffer from poor health or physical or mental disabilities with difficulties in daily activities but are mentally suitable for communal living. They are assessed to be in the "severe impairment" category under the SCNAMES
"old-age dependency ratio"	the number of elderly aged 65 or above to the working-age population (15–64 years old)
"RACAS"	Residential Aged Care Accreditation Scheme, which was launched by the Hong Kong Association of Gerontology in March 2005 to (i) promote the quality of care through promulgation of the quality process and outcome monitoring in residential care services for elderly; (ii) serve as a service quality reference benchmark for the community; and (iii) provide information for the public to select RCHEs which have been accredited. It is the only accreditation scheme in Hong Kong to be recognised by the International Society of Quality in Healthcare (ISQua)
"RCH(EP)O"	the Residential Care Homes (Elderly Persons) Ordinance (Chapter 459 of the Laws of Hong Kong)
"RCH(EP)R"	the Residential Care Homes (Elderly Persons) Regulation (Chapter 459A of the Laws of Hong Kong)

"RCHE Code of Practice"	the Code of Practice for Residential Care Homes (Elderly Persons) issued by the SWD under section 22 of the RCH(EP)O
"residential care home(s) for the elderly" or "RCHE(s)"	RCHEs provide residential care and facilities for elderly aged 60 or above whom, for personal, social, health and/or other reasons, cannot adequately be taken care of at home. Persons aged between 60 and 64 may apply if there is a proven need. There are four types of RCHEs, namely, nursing homes, care and attention homes, aged homes and hostels for the elderly
"residential care places"	beds in a RCHE
"SCNAMES"	Standardised Care Need Assessment Mechanism for Elderly Services, which was implemented by the SWD in November 2000. Under the SCNAMES, Minimum Data Set-Home Care (MDS-HC), an internationally recognised assessment tool, is adopted to ascertain the care needs of elderly and match them with appropriate services
"sq.ft."	square foot or square feet
"sq.m." or "m^2"	square metre(s)
"SWD"	the Social Welfare Department of the Hong Kong Government

This prospectus contains forward-looking statements. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and future plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs; and
- our ability to identify and successfully take advantage of new business development opportunities.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialize or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors" and the following:

- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in Hong Kong, including the sustainability of the economic growth in Hong Kong;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and plans that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risk factors set out in "Risk Factors".

In this prospectus, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If our RCHE licences are suspended, cancelled or not renewed, or if we fail to obtain a new RCHE licence for any new RCHE that we operate, we may be unable to maintain or expand our operations.

RCHE licences are required to be obtained and maintained by our Group for the operations of our care and attention homes. See "Regulatory overview — Regulations in relation to the operation of residential care homes for the elderly" and "Legal compliance and litigation — Licences" in this prospectus for further details.

During the Track Record Period and up to the Latest Practicable Date, three of our care and attention homes had received four warning letters and one verbal warning for non-compliance with the RCHE Code of Practice. According to the relevant warning letters, the SWD may, among others, cancel or temporarily suspend the licence of the relevant RCHE, refuse to renew the licence, or change any condition attached to the licence. See "Business — Legal compliance and litigation — Compliance with Laws and Regulations — Non-compliance with RCH(EP)O, RCH(EP)R and RCHE Code of Practice" in this prospectus for further details.

There is no assurance that our RCHE licences will not be suspended, cancelled or will be renewed, or that we will be able to obtain a new RCHE licence for any new RCHE that we operate. If our RCHE licences are suspended, cancelled or not renewed, or if we fail to obtain a new RCHE licence for any new RCHE that we operate, our operations could be interrupted and our financial condition, results of operations and expansion plans may be materially and adversely affected.

We depend on the SWD for a significant portion of our revenue.

We participated in the EBPS pursuant to which the SWD purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date, representing approximately 61.3% of our total number of residential care places as at the Latest Practicable Date. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue generated from the payment of the base rate by the SWD under the EBPS and the monthly residential fee paid by the residents who participated under the EBPS accounted for approximately 57.1%, 59.5%, 58.6% and 58.3% of our total revenue, respectively. We expect that we will continue to participate in the EBPS and derive a significant portion of our revenue from the SWD.

The entry requirements of the EBPS include requirements on space standard and staffing as well as service quality requirements. We generally enter into separate EBPS Agreements in respect of each of our care and attention homes with the SWD under the EBPS for a term of two years regarding the purchase of residential care places. We cannot assure you that we will continue to be eligible for participation in the EBPS Further, we cannot assure you that the SWD will continue to purchase the same number of residential care places from us at an acceptable price, or at all or it will continue to implement the EBPS in the future.

Pursuant to the EBPS Agreements, the SWD has the right to reduce the number of residential care places purchased by giving prior notice and adjust the residential fees payable with reference to the average monthly consumer price index once a year. If the SWD exercises its rights mentioned above, we cannot assure you that we will be able to locate individual customers to fill in the vacancy in a timely manner or at all while charging the same rate as that paid by the SWD under the EBPS, and that the adjusted residential fees will be able to cover our cost of services, which could have a material adverse effect on our business, financial position and results of operations.

We are required to comply with staffing requirements and our performance depends on our ability to recruit and retain quality and qualified staff. In addition, the RCHE industry in Hong Kong is faced with manpower shortage which may adversely affect our labour costs.

Pursuant to the RCH(EP)R, RCHE Code of Practice and EBPS Agreements, we are required to comply with staffing requirements in relation to, among others, home managers, registered/enrolled nurses, physiotherapists, health workers, care workers and ancillary workers. We also engage qualified staff such as social workers and physiotherapists. Nurses, social workers and physiotherapists are required to renew their licences whereas health workers are required to maintain registration under the RCH(EP)R and are subject to continuing monitoring by the LORCHE established by the SWD. Our staff costs amounted to approximately HK$67.0 million, HK$72.5 million, HK$76.2 million and HK$24.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 45.3%, 44.3%, 44.1% and 41.0% of our revenue for the respective period. Our performance as well as success therefore rely, in part, on the number and quality of qualified staff employed for our care and attention homes. If we do not succeed in attracting and retaining an appropriate level of motivated and qualified staff, our service quality and consistency and our ability to execute our business strategies may suffer. Further, our eligibility to participate in the Enhanced Bought Place Scheme may be adversely affected. A shortage of skilled staff could also lead to an increase in our salaries, wages and benefits, which would reduce our profits and have a material adverse effect on our operating results and financial performance.

In addition, as we expand the scale of our business operations, it may become increasingly difficult for us to attract and retain an adequate number of qualified staff for our new care and attention homes. We cannot predict the degree to which we may be affected by the future availability or cost of attracting and retaining talented staff. Our failure to recruit or retain qualified staff to our existing and future care and attention homes, or the loss of or increased costs in retaining such qualified staff in such care and attention homes, would have a material adverse effect on our business, financial condition and results of operations.

We may not be able to attract and retain our Directors and senior management, which may severely disrupt our business, results of operation and future prospects.

Our success depends heavily on our ability to attract, retain and motivate key personnel, including our Directors and senior management members. Certain of our executive Directors have more than 20 years experience in the RCHE industry. In particular, Mr. Elson Yim, our executive Director has over 27 years of experience in the RCHE industry, and therefore has an in-depth understanding of the market trends and policy changes in the industry. Further, each member of our senior management team has worked with our Group for over 18 years and possesses an extensive experience and technical knowledge in the RCHE industry. The continuous successful management of our business is also, to a considerable extent, dependent on our Directors and senior management members who play vital roles in our operations. If any of our Directors or senior management members is unable to continue to serve in their present positions and we are not able to recruit suitable and qualified personnel to replace them, our business may be severely disrupted and our results of operations and future prospects may be affected.

Our development and ramp-up schedule of new care and attention homes could contribute to the fluctuations of our financial results and new care and attention homes may not achieve timely profitability as anticipated, or at all.

We plan to expand our network of care and attention homes in Hong Kong by horizontal expansion (through acquisition of a suitable property and establishment of a new care and attention home) and private sector expansion (through implemention of the Pine Care Place Development Plan). As at the Latest Practicable Date, save for the Pine Care Place Development Plan and the Possible Acquisition, we had not yet identified any site and/or any specific acquisition plans or identified any targets, nor had we entered into any definitive agreements with any potential targets. See "Business — Our Strategies" in this prospectus for further details. We may not be able to identify suitable locations to expand our network of care and attention homes or be able to negotiate commercially acceptable terms for the acquisition of a property for establishing a new care and attention home. In addition, the Pine Care Place Tenancy Agreement is for a term of six years which is expected to commence from February 2017 (subject to the notification to move in to the premises from the landlord). There is no assurance that the said notification will be issued by the landlord according to our expected schedule. Any such delay may affect our expected timetable for the opening of Pine Care Place.

We generally incur a material amount of capital expenditure to open new care and attention homes, typically consisting of associated capital contribution or commitment as well as investments for decoration and renovation of the property, recruitment and requisite medical and other equipment. As a result, relevant costs and expenses, such as amortisation of related leasehold improvements, depreciation of property, plant and equipment, staff expenses and rental expenses, begin to accrue in the early stage ramp-up period. We expect the amount of required initial investment to be significantly affected by general market conditions in the local areas, including the level of property acquisition costs and labour costs. We may not be able to secure sufficient financing for our expansion. Moreover, there is also no assurance that we will be able to attract and recruit sufficient qualified workers to meet the relevant staffing requirements for the operations of our new care and attention homes. We also expect that our schedule of developing and ramping up new care and attention homes will affect our financial condition and results of operations, and may lead to period-to-period fluctuations in the future.

In respect of our expansion plans, our Directors believe that our Group may experience certain financial impact and to the best knowledge of our Directors and for illustrative purpose only, such financial impact includes (i) a substantial amount of capital expenditure is expected to be incurred in the amount of approximately HK$9.0 million and HK$21.8 million in respect of our horizontal expansion plan and Pine Care Place Development Plan respectively; (ii) a higher gearing ratio after we acquire the property under the horizontal expansion plan; and (iii) higher operating expenses per month. The operating expenses of Pine Care Place for the seven months from its expected date of commencement of business in September 2017 to 31 March 2018 are expected to be approximately HK$9.0 million comprising depreciation expenses, rent and building management fees, salary and other expenses, and the monthly operating expenses for the new care and attention home to be established under the horizontal expansion plan are expected to be approximately HK$1.1 million per month. See "Business — Our Strategies — Continue to expand our network of care and attention homes in Hong Kong" and "Business — Pine Care Place Development Plan — Expected impact on our Group — Financial impact" in this prospectus for further details.

Our ramp-up schedule may also be affected by the time required for us to undergo certain regulatory review and approval processes from various government departments in Hong Kong, including the SWD, Buildings Department, Fire Services Department and Planning Department. We cannot assure you that we will be able to obtain all the required approvals or licences for establishing and operating care and attention homes in a timely manner or at all. Furthermore, we may not be able to attain the target occupancy rate of the new care and attention homes in line with their respective anticipated timetables due to, among other reasons: (i) any failure or material delay in obtaining the required approvals or licences; (ii) any substantial increase in costs to ramp up operations; (iii) achieving weaker market reception than expected; and (iv) difficulty in recruiting sufficient qualified staff to work at such facilities. In addition, under the Pine Care Place Development Plan, we intend to charge monthly residential fees ranging from HK$19,800 to HK$39,800 at Pine Care Place given its service quality, more customised services, staffing requirements and per capita net floor space as compared to our existing care and attention homes. As at the Latest Practicable Date, the monthly residential fees of our existing care and attention homes ranged from approximately HK$8,050 to HK$18,000. As the residential fees to be charged at Pine Care Place will be substantially higher than those we are charging for our existing care and attention homes, we may not be able to effectively market Pine Care Place and attract new elderly residents who are willing to pay such level of residential fees. The operating results generated at new care and attention homes may not be comparable to the operating results generated at any of our existing care and attention homes, and may even operate at a loss. If any of the above occurs, we may not be able to achieve investment payback in accordance with the anticipated timetable. We cannot assure you that our future care and attention homes will achieve the profitability at a level similar to that of our existing care and attention homes, or at all. Any of the above conditions could materially and adversely affect our business, financial condition and results of operations.

Our future business growth primarily depends on the successful implementation of our strategies and future plans. The successful implementation of our strategies and future plans are subject to certain business, economic and competitive uncertainties and contingencies, such as continued growth of the elderly care services in Hong Kong. Moreover, our future expansion and subsequent ramping up and integration efforts will require significant attention from our management and could result in a diversion of resources from our existing care and attention homes, which in turn could have an adverse effect on our business operations. If we are not able to identify, capture or execute opportunities to expand our operations successfully, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our future acquisitions and the Possible Acquisition may not be successful.

After the Listing, we intend to expand our network by establishing an additional care and attention home through acquisition of a suitable property. In addition, on 4 January 2017, we entered into the MOU which is non-legally binding in relation to the Possible Acquisition. See "Business — Our Strategies — Continue to expand our network of care and attention homes in Hong Kong — Horizontal expansion" and "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus for details of our horizontal expansion plan and the Possible Acquisition, respectively.

Implementing our acquisition strategies may expose us to the following risks which could have adverse effects on our business, financial condition, operating results and future prospects:

- unidentified or unforeseeable liabilities or risks may exist in the potential property or business to be acquired;
- failure to realise anticipated cost savings or other synergies from the acquisition;
- incurring additional debts which could reduce our available funds for operation and other purposes as a result of increased debt repayment obligations;
- potential impairment losses relating to goodwill or other intangible assets acquired;
- litigation or other claims in connection with the acquired businesses or subsidiaries;
- inability to retain sufficient manpower;
- loss of customers;
- diverting efforts of the management and other resources; and
- completion of future acquisitions and the Possible Acquisition may not take place according to the expected timetable or at all.

We may not be able to identify good acquisition opportunities, or carry out acquisitions on favourable terms or obtain the required financing to complete the acquisition. Moreover, the anticipated future business expansion after the acquisition may create significant pressure on our management, internal control and resources, and we may also incur additional expenses. In addition to training, management and consolidation of staff, we are also required to continue developing and strengthening our management and financial supervision. We cannot assure you that all acquisitions will generate long-term benefits for us, or that we will be able to integrate the acquired property or business effectively. Any failure to achieve the above results may have material adverse effects on our business, financial condition, operating results and future prospects.

We may need additional capital to fund the expansion plan and growth in the future, which we may not be able to obtain on acceptable terms, or at all.

We may need additional capital to fund our capital expenditure associated with our expansion plans. There is no assurance that we will generate sufficient cash flow from our operating activities for our intended expansion plans. In the event that we do not have sufficient operating cash flow, we will need to obtain alternative financing. There is no assurance that we will be able to obtain adequate financing on acceptable terms, or at all. Our ability to obtain additional capital on acceptable terms will be subject to a variety of uncertainties, including:

- investor perceptions of and appetite for securities of companies engaged in the industry in which we are operating our business;
- conditions in the capital and financial markets in which we may seek to raise funds;
- our future cash flows, financial condition and results of operations; and
- economic, political and other conditions in Hong Kong and the rest of the world.

We may be required to scale down our planned capital expenditures, which may adversely affect our ability to achieve economies of scale and implement our planned growth strategy. If we raise additional funding, our interest and debt repayment obligations will increase. The terms of any future debt facilities may also impose restrictive covenants that may restrict our business and operations or result in dilution of shareholding of the Shareholders in the case of equity financing. Our inability to raise additional funds in a timely manner and on terms favourable to us, or at all, may have a material adverse effect on our financial condition, results of operations and prospects.

We rely on our reputation within the RCHE industry. In addition, we are exposed to inherent risks of caretaking incidents and legal proceedings arising from our operations. Resolving caretaking incidents and proceedings could result in significant costs and materially and adversely affect our reputation and business.

Our Directors consider that our success depends to a significant extent on the recognition of our reputation in the RCHE industry as a reliable service provider. Many factors, some of which are beyond our control, are important for maintaining and enhancing our reputation and may negatively impact on our reputation if not properly managed, such as our ability to:

- maintain a comfortable, convenient and reliable resident experience;
- control the quality of our services and facilities, and to monitor the performances of our staff; and
- increase our brand awareness among existing and potential residents through various means of marketing and promotional activities.

Our reputation could be harmed if, for example, our services or facilities fail to meet the expectation of our residents. On the other hand, promotion efforts may be expensive and we may fail to effectively enhance our reputation and translate into additional sales. Our failure to develop, maintain and enhance our reputation may materially and adversely affect the level of market recognition of, and trust in, our services, which could result in decreased sales and loss of residents. We may also face challenges from others seeking to benefit from damaging our reputation. Any negative publicity in relation to our services, our facilities, our peers or our industry, regardless of its veracity, could seriously harm our public image and reputation which in turn may result in a loss of residents and staff and have a material adverse effect on our business, financial condition and results of operations. In addition, any litigation claims or complaints from residents or their relatives in relation to the quality of services provided by us may adversely affect the reputation and image of our Group, and may in turn, materially and adversely affect the demand for our services.

Our services include the provision of professional nursing and caretaking service, which involves, among others, medication administration in accordance with doctor's prescription, and nutritional management, which involves meals prepared by our kitchens. Due to the nature of providing medication and food to residents with varying degrees of health and medical conditions, we are exposed to inherent risks in our operations even in cases in which we believe we were fully compliant with best practices in our field, and such risks cannot be eliminated entirely. Any failure by us to effectively manage medication administration and proper storage, handling and disposal of medication and ensure food safety may result in unsuccessful or unsatisfactory treatment outcomes and foodborne illness, respectively. In extreme cases, injuries or even death may be caused to the residents.

In addition, due to the nature of our operations, we are also exposed to inherent risks of other incidents such as falls in the elderly residents and other types of physical injuries to the elderly residents, dispute between elderly residents which may result in physical injuries or even casualty, missing of elderly residents, and outbreaks of contagious diseases within a care and attention home.

There is no assurance that we will not experience incidents of injury or death to our residents at our care and attention homes in the future. We are also susceptible to complaints from residents or their relatives associated with our services from time to time. Any caretaking or other incidents mentioned above occurring at our care and attention homes may result in a claim or legal proceeding against us, which, regardless of merit or settlement status, could adversely affect our reputation, divert management resources and cause us to incur significant costs, such as legal fees. Furthermore, we may not be adequately insured against losses and liabilities arising from such claims or proceedings. A settlement or successful claim against us can result in significant costs, damages, compensation and reputational damage to us and adversely affect our business, results of operations and financial condition.

We may be indirectly affected by the reputation of World Pine.

World Pine is owned as to 50% by each of Pine Care China HK and an Independent Third Party. Pine Care China HK is wholly owned by Pine Care China BVI, which is in turn wholly owned by Pine Active Care, one of our Controlling Shareholders. World Pine was established for the purposes of exploring opportunities in the elderly care business in Shenzhen, Guangzhou and Shanghai in the PRC and it is currently intended that the business of World Pine shall focus on the provision of residential care services for the elderly in the PRC. As at the Latest Practicable Date, World Pine was still in the process of identifying business opportunities and had not commenced business operations. See "Relationship with Controlling Shareholders — Rule 8.10 of the Listing Rules — Relationship with World Pine" in this prospectus for further details.

Like ourselves, World Pine's market reputation and the trust of its future residents and their relatives will affect its future business. Hence, any negative press or association related to World Pine or any of its officers or employees or the occurrence of any of the risks set out in this section may result in a loss of residents or staff. Due to the relationship between Pine Active Care (one of our Controlling Shareholders) and World Pine, such negative publicity may by association create a material adverse effect on our Group's reputation, business, growth prospects, results of operations and/or financial condition.

Any non-renewal or early termination of leases and/or tenancy agreements or substantial increase in rent may affect our business and financial performance.

As at the Latest Practicable Date, four of our care and attention homes and a portion of the third floor of our Pine Care (Tak Fung) Elderly Centre were operated in properties leased by us from Independent Third Parties, hence we were exposed to fluctuations in the rental market. The term of these subsisting leases as at the Latest Practicable Date ranged from six months to two years and six months and the relevant expiry dates ranged from July 2017 to July 2019. In addition, we entered into the Pine Care Place Tenancy Agreement in respect of our Pine Care Place Development Plan for a term of six years which is expected to commence from January 2017. During the Track Record Period, property rental and related expenses amounted to approximately HK$13.9 million, HK$15.8 million, HK$16.6 million and HK$5.7 million, respectively, representing approximately 9.4%, 9.7%, 9.6% and 9.7% of our total revenue for the respective year/period.

Before the expiry of the leases and/or tenancy agreements of our care and attention homes, we have to negotiate terms of renewal with our respective landlords. There is no assurance that the leases would be renewed on comparable or favourable terms (including, without limitation, on similar tenure and on similar rental charges).

We also cannot guarantee that the leases and/or tenancy agreements of our existing care and attention homes will not be terminated by the landlords before the expiry of the relevant term. Pursuant to the terms of some of our subsisting tenancy agreements, our landlords are entitled to early terminate the tenancy agreements by giving prior written notice to us. As set out in the existing tenancy agreements in relation to the premises currently occupied by our existing care and attention homes, written notice of not less than three or six months is generally required for an early termination by the landlord or tenant during the term of the tenancy in, among others, the circumstances where (i) the landlord sells or redevelops or refurnishes or repairs or rebuilds or renovates or revitalises or changes the user of the building or any part thereof which shall include the premises; or (ii) the operation of care and attention home in the relevant premises is not allowed by governmental authorities or any application for the grant/renewal of the relevant license(s)/permit(s) from appropriate governmental authorities in connection with the permitted use is refused by appropriate governmental authorities. Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. The original expiry date of such lease is on 7 October 2017.

In the event that our lease and/or tenancy agreements is early terminated and we are required to relocate our care and attention homes to other locations, there is no guarantee that we will be able to secure suitable premises with a lease based on comparable terms and in a timely manner. In addition, if we have to move our existing care and attention homes to new locations, we have to, among others, (i) apply for a new licence of residential care home for the elderly in respect of the new location and satisfy the relevant requirements in relation to, among others, usage of land, structure of building, fire safety and building safety; (ii) arrange sufficient manpower to ensure a smooth transfer and relocation; (iii) if applicable, arrange for the change of name of the relevant RCHE; (iv) arrange for the signing of the EBPS Agreement with the SWD in respect of the new RCHE; and (v) reach consensus for the relocation with the residents and family members of the existing RCHE. As a result, we may incur substantial expenses in renovation costs, compliance costs, capital expenditures, depreciation, experience suspension of operations and need to arrange for the relocation of residents and/or termination of the relevant agreements with our customers. This may have an adverse impact on our business, financial position and future potential growth.

All of our business operations are located in Hong Kong, which renders us especially sensitive to local conditions and changes, such as those with respect to laws and regulations, force majeure events, natural disasters or outbreaks of contagious diseases.

Currently, all of our business operations are based in Hong Kong. Our business operations and the demand for our services are therefore exposed to any deterioration in the economic, social and/or political conditions, significant changes in laws and regulations governing the RCHE industry, such as those relating to the EBPS and government fundings and resources allocation, as well as any incidence of social unrest, strike, riot, civil disturbances, disobedience, recurrence of past outbreaks or epidemics, occurrence of any future epidemic outbreaks, natural disasters or other catastrophic events in Hong Kong. Since our business operations are only limited to Hong Kong, the aforesaid adverse circumstances may materially and adversely disrupt operations of our care and attention homes and in turn, the revenue and profitability of our Group, and consequently, our results of operations and financial condition.

We have substantial indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures.

We maintain a certain level of indebtedness to finance our operations. Our total outstanding interest-bearing bank and other borrowings as at 31 March 2014, 2015 and 2016 and 31 July 2016 were, in aggregate, approximately HK$292.7 million, HK$268.1 million, HK$198.6 million and HK$194.8 million, respectively. Our gearing ratio was approximately 439.3%, 301.6%, 317.9% and 247.9% as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

Our substantial indebtedness and high gearing ratio could have adverse consequences, it could, among others:

- increase our vulnerability to adverse general economic or industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our debts, thereby reducing the availability of our cash flow to fund working capital or expand our business;
- restrict our flexibility in planning for or reacting to changes in our business or the industry in which we operate;
- restrict us from making strategic acquisitions or take advantages of business opportunities; and
- limit our ability to borrow additional funds or equity capital in the future or increase the cost of such funding or borrowing.

In the future, we may incur additional indebtedness and contingent liabilities, thereby increasing the risks we will be facing as a result of our indebtedness. Our future operating performance, which will be affected by, among other things, governmental regulations, the RCHE industry trend in Hong Kong, prevailing economic conditions and other unforeseeable factors, will affect our ability to generate sufficient cash to satisfy our outstanding and future debt obligations. In the event that we are unable to generate sufficient cash flow to pay our anticipated operating expenses and to repay our debts, we may be forced to adopt an alternative strategy, such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be implemented successfully, or at all, and even when implemented, may result in adverse effects on our business, financial condition and results of operations.

Breach of financial covenants under the banking facilities by our Group may result in repayment on demand, which may materially affect our liquidity position.

As at 31 March 2015, we did not comply with debt covenants of tangible net worth and gearing ratio in respect of certain bank borrowings with an aggregate carrying amount of HK$143.9 million which became repayable on demand and were included in the current liabilities. See "Financial Information — Indebtedness — Bank loans — Debt covenants" and Note 27 to the Accountants' Report in Appendix I to this prospectus for further details.

Our banking facilities are bounded to certain financial covenants. We cannot assure you that our subsidiaries will not breach any financial covenants under their respective loan agreements in the future, or that lending banks will not accelerate the repayment obligations or enforce other remedies against us. If we are required to make early repayment, our liquidity position may be materially affected. Further, if we fail to renew the existing or obtain bank borrowings due to failure to fulfill the financial covenants in the future, our business, results of operations, liquidity and financial position may also be materially and adversely affected.

We may not receive further government grants and the loss of which may affect our financial position.

During the Track Record Period, we recognised government grants of approximately HK$9.6 million, HK$8.0 million, HK$9.2 million and HK$3.4 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, from the HK Government for hiring specialised professionals for our residents with dementia or infirmary in our qualified centres pursuant to Dementia Supplement. See "Financial Information — Description of selected items in consolidated statements of profit or loss — Staff costs" in this prospectus for further details.

However, there is no assurance that the government grants will be recurring in the future and that our Group will receive further government grants. If no or a smaller amount of government grant is received by to our Group in the future, our financial position may be adversely affected.

We recorded net current liabilities as at 31 March 2014 and 31 March 2015. We cannot assure you that we will not experience net current liabilities in the future or we will be able to fulfill future capital needs on reasonable terms.

As at 31 March 2014 and 31 March 2015, we recorded net current liabilities of approximately HK$235.7 million and HK$193.2 million, respectively, which were mainly due to the repayment on demand clauses for our interest-bearing bank and other borrowings. Such interest-bearing bank and other borrowings were obtained for (i) our mortgage payments for our investment properties and land and buildings for our operations; and (ii) working capital for our operations. See "Financial Information — Liquidity and capital resources — Working capital sufficiency" in this prospectus for further details.

Our future liquidity and the repayment of our outstanding debt obligations when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate external financing. We cannot assure you that we will not experience net current liabilities in the future. If we do not generate sufficient cash flow from our operations to meet our present and future financial needs, we may need to rely on additional external borrowings for funding. As at the Latest Practicable Date, the expiry dates of the term of our subsisting bank facilities ranged from four months to around 14 years. We cannot assure you that we will be able to successfully renew our bank facilities or obtain replacement on comparable terms in a timely manner, or at all. If adequate funds are not available, whether on satisfactory terms or at all, we may need to delay, reduce the scale of or abandon our expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Goodwill impairment could negatively affect our results of operations and have an adverse effect on our financial performance.

As at 31 July 2016, we had goodwill with a carrying amount of HK$33.8 million, which mainly arose as a result of our acquisitions of Ruby International and Gericare Centre in June 2010, being the excess of the consideration for the acquisitions over the fair value of the identifiable net assets acquired on the acquisition date. Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In performing the impairment testing of goodwill, our Group compares the carrying amounts of the cash-generating units against their recoverable amounts. Testing for impairment requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There are inherent uncertainties related to these factors and to our judgment in applying these factors to the impairment testing of goodwill. We could be required to evaluate the impairment testing of goodwill prior to its annual assessment if there are any impairment indicators which could potentially be caused by our failure to successfully integrate the operations of Ruby International and Gericare Centre with our other operations. In the event that the testing for impairment indicates that the carrying amounts exceed the recoverable amounts, impairment would be required. Impairment charges could substantially affect our results of operations and have an adverse effect on our financial performance in the periods of such charges. In addition, impairment charges would negatively impact our financial ratios and could limit our ability to obtain financing in the future.

The RCHE industry in which we operate is highly competitive, and if we do not compete successfully against new or existing competitors, we may be unable to increase or maintain our market share, which would adversely affect our profitability.

We compete with other operators of care and attention homes, such as operations of subvented homes, non-governmental organisations and private sector organisations. We will also compete with future market entrants as the potential of the RCHE industry in Hong Kong may attract more players to enter the industry or to expand their existing operations. Some of our existing and potential competitors may have competitive advantages, such as greater financial, marketing or other resources. We compete for the number of purchased places under the Enhanced Bought Place Scheme as well as other residents primarily on the basis of the range and the quality of services that we offer, our reputation, quality of our care and attention homes, location and price. We cannot assure you that we will be able to successfully compete against new or existing competitors, which could prevent us from increasing or maintaining our market share and result in a material adverse effect on our business, financial position and results of operations.

Our insurance may not cover all potential loss and claim.

We have taken out insurance policies for all of our care and attention homes, which cover business interruption, malicious attack, employee compensation, professional indemnity and other liabilities and other insurance policies as required by Hong Kong law to cover our business operations. However, our insurance policies may not cover all eventualities or payments by our insurers may not fully compensate us for all potential losses, damages or liabilities relating to our properties or our business operations, and there may be occasions where we are required to pay the excess in accordance with the insurance policies. Further, our insurers may otherwise find themselves financially unable to meet claims. In addition, there are certain types of losses for which full insurance coverage is not generally available on commercial terms acceptable to us, or at all. Examples of these include insurance against losses suffered due to business interruption, earthquake, flooding or other natural disasters, war or civil disorder and loss or damage caused by building works not authorised by the Building Authority. Therefore, there may be instances when we will have to bear losses, damages and liabilities because of our lack or insufficiency of insurance coverage. If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance cover, we may not have sufficient funds to cover such losses, damages or liabilities or to reinstate any properties which may be damaged or destroyed. In addition, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, results of operations and financial position.

We have limited or no control over the quality of the pharmaceuticals, medical equipment, consumables and other supplies we use in our operations, and cannot guarantee that none of the products we use are counterfeits free from defects and meet the relevant quality standards.

Pharmaceuticals taken by the residents are procured by themselves whereas medical equipment, consumables and other supplies used by us in our operations are procured by us from our suppliers. We offer for sale some elderly home related goods we procure from our suppliers to our residents, including but not limited to diapers, nutritional milk, medical gloves, feeding bags and pH indicator strips. As we do not engage in the direct manufacture of such supplies, we cannot assure you that such supplies are free from defects and meet the relevant quality standards or are not counterfeits. We cannot assure you that we will not encounter incidents relating to defective or counterfeit products used by us going forward, or that such incidents will not materially and adversely affect us. If the products provided by our suppliers are defective, counterfeit, of poor quality or are otherwise unsafe or ineffective, we could be subject to liability claims, complaints or adverse publicity, any of which may adversely affect our results of operations and reputation. We may also need to find suitable replacement suppliers, if any, which may cause supply shortages that could lower our profit margins and result in delays in our operations.

We may not be able to protect our residents' information from leakage or improper use, which could expose us and/or our staff to claims or litigation.

The right of a resident to privacy is essential in the RCHE industry and our residents expect us to keep their information strictly confidential. We are subject to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) which restricts the use of personal data of residents collected by us to such purposes for which they were collected or for a directly related purpose. However, we cannot guarantee that our confidentiality policies and measures can completely prevent our residents' information from leakage or being used for an improper purpose. Any breach of our confidentiality obligations towards our residents could expose us and/or our staff to potential liabilities, such as claims or litigation, which may have an adverse impact on our reputation and business.

The proper functioning of our computer network infrastructure and centralised information systems is essential to our business operation, and any technological failure, security breach or other challenges may significantly disrupt our business.

Our computer network infrastructure and information systems help us operate and monitor the operational performance of our network of care and attention homes, such as billing, financial and budgeting data and resident records. We regularly maintain, upgrade and enhance the capabilities of our information systems to meet operational needs. Any technical failures associated with our information systems, including those caused by power loss, natural disasters, computer viruses or hackers, network failures or other unauthorised tampering, may cause interruptions in our ability to provide services to our residents, keep accurate records and maintain proper business operations. In particular, if the information system relating to our billing were to malfunction and lose related records, we might not timely receive full payments on our accounts receivable, which may result in a material adverse impact to our business and operations. In addition, we may be subject to liability as a result of any theft or misuse of personal information stored on our systems due to willful misconduct or gross negligence.

We may not be able to prevent others from unauthorised use of our intellectual property, which could harm our business and reputation.

Most of our intellectual property rights are registered in Hong Kong. Although we register our trademarks within Hong Kong, protection may not be adequate to prevent third parties from misappropriating our intellectual property rights. We are susceptible to third parties' infringement of our intellectual property rights and there is no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorisation. Infringement of our intellectual property rights could adversely affect the perception that our customers have of us as to our credibility, creditworthiness and abilities, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects. If we were to enforce our intellectual property rights through litigation, such litigation, whether successful of unsuccessful, could result in the incurrence of substantial costs and the diversion of resources. In the event that we are unable to adequately protect or safeguard our intellectual property rights, our reputation, business, financial condition and results of operations and prospects may be material and adversely affected.

Our past performance is not necessarily indicative of future results.

Our total revenue increased from approximately HK$147.9 million in the year ended 31 March 2014 to approximately HK$163.8 million in the year ended 31 March 2015, and increased further to approximately HK$172.7 million in the year ended 31 March 2016. In addition, our total revenue increased from approximately HK$56.9 million for the four months ended 31 July 2015 to HK$59.3 million for the four months ended 31 July 2016. Although our revenue has increased during the Track Record Period, such financial data only reflects our past performance and is not necessarily indicative of our future results.

The effects of the changing regulatory, economic and other unpredictable factors may have a material effect on our business and hence affecting our future financial performance. In addition, our financial and operating results may not meet the expectation of public market analysts or investors, which could cause the future price of the Shares to decline. Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control. You should not rely on our historical results to predict the future performance of our operating results of the Shares.

We have previously been involved in certain incidents of non-compliance with certain Hong Kong regulatory requirements and the RCHE Code of Practice.

We have previously been involved in certain non-compliance incidents such as non-compliance with building-related statutory provisions and statutory requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and Inland Revenue Ordinance. In addition, during the Track Record Period, three of our care and attention homes had received four warning letters and one verbal warning for non-compliance with the RCHE Code of Practice. See "Business — Legal compliance and litigation — Compliance with Laws and Regulations" in this prospectus for further details. If any enforcement action is taken by the relevant authorities and our Controlling Shareholders fail to indemnify us fully under the Deed of Indemnity, we may be required to, among others, pay certain penalties. Additionally, there is no assurance that our business and financial position and prospects including but not limited to our reputation in the industry will not be adversely affected by such historical non-compliance incidents.

RISKS RELATING TO THE SHARE OFFER

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the Share Offer, there has not been a public market for our Shares. We have applied for the listing of and dealing in our Shares on the Stock Exchange. However, even if approved, we cannot assure you that an active and liquid public trading market for our Shares will develop following the Share Offer, or, if it does develop, it will be sustained. The financial market in Hong Kong and other countries have in the past experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results. Accordingly, we cannot assure you that the liquidity and market price of our Shares will not fluctuate.

The Offer Price Range for our Shares was the result of, and the Offer Price will be the result of, negotiations among our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market after the Share Offer. Therefore, our Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares purchased in the Share Offer.

As the Offer Price is higher than the net tangible book value per Share, our Shareholders will experience an immediate dilution in the book value of their Shares purchased in the Share Offer and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Share Offer. Therefore, our Shareholders will experience an immediate dilution in pro forma net tangible assets value of HK$0.19 per Share, based on the maximum Offer Price of HK$0.69.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Our Shareholders may experience further dilution in the net tangible assets book value per Share if we issue additional Shares at a price lower than the net tangible assets book value per Share at the time of their issue.

Our Controlling Shareholders may exert substantial influence over our operation and may not act in the best interests of our public Shareholders.

Upon the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme), our Company will be held as to 70.00% by Pine Active Care. Pine Active Care, Silverage Pine Care, Silverage Pillar, Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Mr. Billy Yim, Mr. Edwin Yim, Ms. Chu and Ms. Suen who will be regarded as a group of our Controlling Shareholders upon Listing. See "Relationship with Controlling Shareholders" in this prospectus for further details. Therefore, our Controlling Shareholders will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or your best interests. If the interests of our Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

Future sales of substantial amounts of the Shares in the public market may adversely affect the prevailing market price of the Shares.

Except for the Shares issued in the Share Offer, our Company has agreed with the Sole Global Coordinator not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period beginning from the date of this prospectus and continuing through the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, except with the prior written consent of the Sole Global Coordinator. Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the Listing Date and up to 12 months after the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses" in this prospectus for a more detailed discussion of restrictions that may apply to future sale of the Shares. After these restrictions lapse, the market price of the Shares may decline as a result of any sale of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

There can be no assurance if and when we will pay dividends in the future.

Our Group currently does not have a dividend policy. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. See "Financial Information — Dividends" in this prospectus for further details.

You should read this prospectus in its entirety and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the Share Offer.

There may be subsequent to the date of this prospectus but prior to the completion of the Share Offer, press, media, and/or research analyst coverage regarding us, our business, our industry and the Share Offer. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Share Offer, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by us, the Selling Shareholder, the Sole Global Coordinator, Sole Sponsor, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this prospectus.

In preparation for the Listing, we have applied to the Stock Exchange for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules.

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, an issuer shall include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

On 4 January 2017, Pine Care Elderly Home entered into the MOU with the Vendors, Ms. Luk Ngai Ling Irene and Ms. Luk Ngai Si Icy in relation to the Possible Acquisition. For details of the Possible Acquisition, see "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus.

Based on the following reasons, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

1. **Immateriality:** The scale of the businesses operated by the Target Company under the Possible Acquisition as compared to that of our Group is not material. Each of the applicable percentage ratios under Rule 14.07 of the Listing Rules, i.e. relevant size tests regarding assets and consideration, is below 5%. It is expected that the Target Company will not constitute a material subsidiary of our Company, even if the Possible Acquisition is completed or materialises.

2. **Undue burden to obtain and prepare historical financial information of the Target Company:** Further details of the Possible Acquisition shall be determined through the Formal Agreement which is currently under negotiation between the parties and that the Possible Acquisition had not been completed or materialised as at the Latest Practicable Date. As such, our Company does not have full access to the relevant financial records for the purposes of audit by our reporting accountants and disclosure in this prospectus. There is no assurance as to whether the Possible Acquisition would proceed. Further, based on the information currently available to our Company, the Possible Acquisition, if materialised and carried out after the Listing, will not constitute a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, having considered the immateriality of the Target Company under the Possible Acquisition as well as the time and resources required to obtain, compile and audit such historical information in conformity with our Company's accounting policies, it would be unduly burdensome for our Company to prepare and include the financial information of the Target Company under the Possible Acquisition in this prospectus.

3. **Alternative disclosure:** With a view of allowing the potential investors to understand the Possible Acquisition in greater details, we have provided in this prospectus alternative disclosure in relation to the Possible Acquisition (if it materialises), including, (a) general description of the scope of principal business activities of the Target Company; (b) the consideration of the Possible Acquisition; (c) the basis on which the consideration is determined; and (d) our Company's reason for the Possible Acquisition. In addition, we undertake to conduct the Possible Acquisition in full compliance with Chapter 14 of the Listing Rules.

4. **Relevance:** It is our intention to request the Vendors to vacate the Target Premises and remove certain fixtures before completion of the Possible Acquisition in order to facilitate the relocation of our residents in Pine Care (Po Tak Branch) Elderly Home, i.e. we expect to acquire certain fixed assets (the details of which were still subject to the parties' negotiation as at the Latest Practicable Date). Therefore, the historical financial performance and financial position of the Target Company is no longer relevant and meaningful to us and investors.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement herein misleading.

SELLING SHAREHOLDER

The Placing Shares consists of 43,200,000 Sale Shares being sold by the Selling Shareholder. We estimate that the net proceeds to the Selling Shareholder from the Sale Shares (after deduction of proportional underwriting fees and estimated expenses payable by our Selling Shareholder in relation to the Placing), and assuming an Offer Price of HK$0.66 per Offer Share, being the mid-point of the indicative Offer Price Range for the Share Offer, will be approximately HK$27.5 million. We will not receive any of the proceeds from the sale of the Sale Shares. See "E. Other information — 7. Particulars of the Selling Shareholder" in Appendix V to this prospectus for further details.

THIS PUBLIC OFFER AND THE PROSPECTUS

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer. See "How to Apply for Public Offer Shares and Employee Reserved Shares" in this prospectus and the Application Forms for further details of the procedures for applying for the Public Offer Shares.

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Selling Shareholder, the Sole Sponsor, Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

STRUCTURE OF THE SHARE OFFER AND UNDERWRITING

See "Structure and Conditions of the Share Offer" in this prospectus for further details of the structure of the Share Offer including its conditions and the arrangements relating to the Over-allotment Option and Stabilisation.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on the Price Determination Date, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder). The Share Offer is managed by the Sole Global Coordinator. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. See "Underwriting" in this prospectus for further details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to confirm, and is deemed by his acquisition of Public Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Share Offer (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme).

Save as disclosed in this prospectus, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Public Offer will be registered on our branch register of members to be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited. Our principal register of members will be maintained by our principal registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Share Offer.

Dealings in the Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty. Only Shares registered on our branch register of members may be traded on the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Selling Shareholder, the Sole Sponsor, Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 15 February 2017. The Shares will be traded in board lots of 8,000 Shares each. The stock code of the Shares will be 1989.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yim Ting Kwok (嚴定國先生)	Flat B, 16/F Tower 1, Sorrento 1 Austin Road West Tsim Sha Tsui Kowloon Hong Kong	Chinese
Ms. Cho Wing Yin (曹詠妍女士)	Flat B, 16/F Tower 1, Sorrento 1 Austin Road West Tsim Sha Tsui Kowloon Hong Kong	Chinese
Mr. Yim Billy Pui Kei (嚴沛基先生)	Flat A, 37/F Block 2, Harbour Green 8 Sham Mong Road Tai Kok Tsui Kowloon Hong Kong	Chinese
Mr. Yim Edwin Pui Hin (嚴沛軒先生)	15E, Tower 1 The Austin 8 Wui Cheung Road Kowloon Hong Kong	Chinese
Mr. Chan Yip Keung (陳業強先生)	Flat B4, 1/F 3 College Road Kowloon Hong Kong	Chinese
Non-executive Directors		
Mr. Ng Kwok Fu Alex (吳國富先生)	Flat A, 16/F Sunlight Garden 2 Man Wan Road Waterloo Hill Homantin Kowloon Hong Kong	Chinese

Name	Address	Nationality
Mr. Lam Yat Hon (林逸漢先生)	Flat RD, 63/F Tower 1, R Wing (Mona Lisa) Le Prestige, Lohas Park Tseung Kwan O New Territories Hong Kong	Chinese
Mr. Ma Wing Wah (馬永華先生)	Flat A, 7/F, Block 8 Island Harbourview 11 Hoi Fai Road Tai Kok Tsui Kowloon Hong Kong	Chinese
Independent non-executive Directors		
Mr. Liu Kwong Sang (廖廣生先生)	Flat A, 10/F 30 Pilkem Street Jordan Kowloon Hong Kong	British
Dr. Wong Ping San John (黃平山醫生)	Flat B, 8/F Cypress Court Worldwide Garden Shatin New Territories Hong Kong	Chinese
Dr. Liu Yuk Shing (廖育成博士)	20 Seventeenth Street Hong Lok Yuen Tai Po New Territories Hong Kong	Chinese
Mr. Liu Walter Joseph (劉偉德先生)	3/F, Block D Broadview Terrace 40 Cloudview Road North Point Hong Kong	American

See "Directors and Senior Management" in this prospectus for further details on our Directors and members of our senior management.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Guotai Junan Capital Limited** *(A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO)* 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Sole Global Coordinator	**Guotai Junan Securities (Hong Kong) Limited** *(A licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO)* 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**Guotai Junan Securities (Hong Kong) Limited** *(A licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO)* 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **Gransing Securities Co., Limited** *(A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO)* 805–806 Far East Consortium Building 121 Des Voeux Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law* **ONC Lawyers** 19th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong

	As to Cayman Islands law **Conyers Dill & Pearman** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **Deacons** 5th Floor Alexandra House 18 Chater Road Central Hong Kong
Auditors and reporting accountants	**Ernst & Young** 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Industry consultant	**Ipsos Limited** 22/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Property valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Hong Kong
Receiving bank	**Hang Seng Bank Limited** 83 Des Voeux Road Central Hong Kong

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	G/F, 1 Koon Wah Lane 68–72 Yuk Wah Street Tsz Wan Shan Kowloon Hong Kong
Company website	www.pinecaregroup.com *(Note: information on this website does not form part of this prospectus)*
Company secretary	Mr. Chan Yip Keung (陳業強先生) *(Member of HKICPA)* G/F, 1 Koon Wah Lane 68–72 Yuk Wah Street Tsz Wan Shan Kowloon Hong Kong
Audit Committee	Mr. Liu Kwong Sang (廖廣生先生) *(Chairman)* Dr. Wong Ping San John (黃平山醫生) Dr. Liu Yuk Shing (廖育成博士) Mr. Liu Walter Joseph (劉偉德先生)
Remuneration Committee	Dr. Wong Ping San John (黃平山醫生) *(Chairman)* Mr. Liu Walter Joseph (劉偉德先生) Mr. Yim Billy Pui Kei (嚴沛基先生)
Nomination Committee	Mr. Yim Ting Kwok (嚴定國先生) *(Chairman)* Dr. Wong Ping San John (黃平山醫生) Dr. Liu Yuk Shing (廖育成博士)
Authorised representatives	Mr. Yim Billy Pui Kei (嚴沛基先生) Flat A, 37/F Block 2, Harbour Green 8 Sham Mong Road Tai Kok Tsui Kowloon Hong Kong Mr. Chan Yip Keung (陳業強先生) Flat B4, 1/F 3 College Road Kowloon Hong Kong

Compliance adviser	Guotai Junan Capital Limited 27/F., Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal bankers	China Construction Bank (Asia) Corporation Limited 28/F CCB Tower 3 Connaught Road Central Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Principal share registrar and transfer office in Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

The information in the section below has been partly derived from various publicly available government sources, market data providers and other Independent Third Party sources. In addition, this section and elsewhere in this prospectus contains information extracted from a commissioned report, or the Ipsos Report, prepared by Ipsos for the inclusion in this prospectus. See the paragraph headed "Sources of Information" in this section. We believe that the sources of information of this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Directors, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers or any party or affiliate involved in the Share Offer, other than Ipsos and no representation is given as to its fairness, correctness and accuracy. Accordingly, you should not place undue reliance on such information or statistics. Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the Ipsos Report or the date of the relevant data contained in the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

SOURCES OF INFORMATION

We have commissioned Ipsos, an independent market research company, to conduct an analysis of, and to report on, the market landscape and competitive analysis for residential care homes for the elderly in Hong Kong for the period from 2011 to 2020. The information and analysis contained in the Ipsos Report was assessed independently by Ipsos, including all its subsidiaries, divisions and units (collectively referred to as the "**Ipsos Group**"), and is not connected to our Group in any way. Ipsos charged us a total fee of approximately HK$388,000 for the preparation and the use of the Ipsos Report.

Ipsos has conducted research and data gathering based on (i) primary research, including face-to-face and phone interviews with key stakeholders and industry experts in Hong Kong, such as government officials, industry experts and associations in Hong Kong; and (ii) secondary desk research. In addition, intelligence gathered was analysed, assessed and validated using Ipsos' in-house analysis models and techniques.

Ipsos, being one of the worldwide offices of the Ipsos Group, which employs approximately 16,000 personnel worldwide across 87 countries, is specialised in conducting researches across various industrial sectors including tourism, financial services, cosmetics, regional luxury and high net worth research. Ipsos is independent of our Company and none of our Directors or their associates has any interest in Ipsos.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Ipsos Report, various official government publications and other publications.

Assumptions used in the Ipsos Report

The assumptions used in the Ipsos Report are: (i) there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the RCHE industry in Hong Kong over the forecast period; and (ii) the demand for RCHE places is expected to grow with an aging population in Hong Kong and the supply is expected to be stable over the forecast period.

Parameters used in the Ipsos Report

The parameters used in the Ipsos Report include (i) GDP per capita and GDP per capita growth rate for Hong Kong from 2011 to 2015; (ii) population of the elderly and old-age dependency ratio in Hong Kong from 2011 to 2015; (iii) Hong Kong Government and private expenditure on health in Hong Kong from 2011 to 2015; (iv) per capita expenditure on health in Hong Kong from 2011 to 2015; (v) expenditure on public health services for the elderly in Hong Kong from the financial year 2011–12 (i.e. ended 31 March 2012) to 2014–2015; (vi) number of RCHEs in Hong Kong from 2011 to 2015; (vii) number of RCHEs places in Hong Kong from 2011 to 2015; (viii) recurrent expenditure by the Hong Kong Government on the provision of subsidised RCHE places from the financial year 2010–11 (i.e. ended 31 March 2011) to 2014–2015; (ix) rental indices of private retail in Hong Kong from 2011 to 2015; and (x) average monthly wages of workers in elderly homes in Hong Kong from 2011 to 2015.

OVERVIEW OF THE RCHE INDUSTRY IN HONG KONG

Historical development of the RCHE industry in Hong Kong

As the aging population in Hong Kong continues to grow due to decreased fertility and increased longevity of population, "Care for the Elderly" was introduced as a strategic policy objective of the Hong Kong Government in 1997. The residential care services domain in Hong Kong consists of a mix of public and private residential care homes for the elderly. The Hong Kong Government encourages NGOs to operate self-financing or subvented RCHEs to cater for the needs of the elderly. However, there is a long waiting time for a place in a subsidised RCHE. To shorten the waiting time, the Hong Kong Government introduced the Enhanced Bought Place Scheme (EBPS) in 1998 which aims to increase the supply of subsidised places for the elderly by "purchasing" places from private RCHEs. At the same time, the EBPS would upgrade the service quality of participating private RCHEs as it requires them to enhance staffing ratio and per capita space standards. To ensure that subsidised RCHEs are taken up by elderly with genuine needs, the Standardised Care Need Assessment Mechanism For Elderly Services (SCNAMES) was introduced by the SWD in 2000 to ascertain the care needs of elderly and match them with the appropriate type of RCHEs.

Hong Kong Government policies and their support or impact on the RCHE industry in Hong Kong

The Hong Kong Government has implemented various initiatives over the years to improve the quality of RCHEs, which include EBPS, SCNAMES and the following:

- *Infirmary Care Supplement (ICS)*. Introduced in February 1996, ICS aims to help subvented RCHEs to take care of frail residents who have been medically assessed to be chronically ill or disabled requiring medical infirmary placement. ICS has been extended to private homes participating in the EBPS since April 2003. ICS allows RCHEs to employ professional staff (e.g. physiotherapists, occupational therapists, and nurses). In the financial year 2016–17 (i.e. ending 31 March 2017), ICS amounting to HK$108.6 million will be provided to 130 eligible RCHEs in respect of about 1,570 beneficiaries. As at the Latest Practicable Date, seven of our care and attention homes were receiving ICS from the HK Government;

- *Dementia Supplement (DS)*. Introduced in 1999, DS aims to help subvented RCHEs to provide better care and training to demented residents who have been medically assessed to be suffering from dementia. DS has been extended to private homes participating in the EBPS since April 2009. This has enhanced the quality of care for RCHE residents with dementia. In the financial year 2016–17, DS amounting to approximately HK$228.9 million will be provided to 262 eligible RCHEs in respect of about 5,700 beneficiaries. As at the Latest Practicable Date, all of our care and attention homes were receiving DS from the HK Government; and

- *Scheme to encourage provision of RCHE premises in new private development.* This scheme was introduced by the Hong Kong Government in July 2003 to encourage private developers to provide quality purpose-built RCHE premises in their new developments. Under this scheme, eligible RCHE premises will be exempted from assessment of premium under different types of land transactions (e.g. lease modifications, land exchange and private treaty grants). In return for premium exemption, developers will have to pay for the cost of constructing the RCHE premises. This scheme encourages better quality purpose-built RCHEs and supplements the provision of non-subsidised places.

As at the Latest Practicable Date, all of our care and attention homes had participated in the EBPS. Our care and attention homes have adopted an internationally recognised assessment tool to ascertain the care needs of elderly and match them with appropriate services under SCNAMES.

SUPPLY AND DEMAND OF THE RCHE INDUSTRY IN HONG KONG

RCHEs in Hong Kong are categorised according to (i) their financing nature (private and non-private (comprising subvented, self-financing and contract)); and (ii) their service nature (comprising nursing homes, care and attention homes, aged homes and hostels for the elderly).

Number of RCHEs in Hong Kong

According to the financing nature of RCHEs

RCHEs may use different types of financing, namely (i) private RCHEs operated by the private sector for profit; and (ii) non-private RCHEs. Non-private RCHEs comprise (a) subvented RCHEs, which receive subsidies from the HK Government; (b) self-financing RCHEs, which finance their operations by the residential fees paid by their residents; and (c) contract RCHEs, which were obtained through competitive bidding.

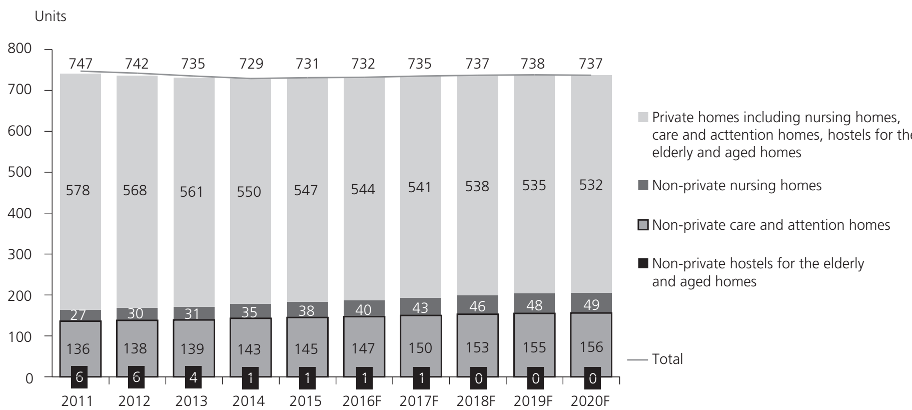
As at the end of June 2016, there were 732 RCHEs providing residential care home services for elderly in Hong Kong, by the financing nature, of which 544 (i.e. approximately 74.3%) were private RCHEs whereas the remaining 188 (i.e. approximately 25.7%) were non-private (subvented, self-financing and contract) RCHEs. The number of non-private RCHEs has been growing from 169 in 2011 to 184 in 2015 mainly due to (i) the Hong Kong Government's initiatives in awarding contracts to NGOs to establish contract homes. Particularly, according to the Legislative Council of Hong Kong, the Hong Kong Government expects another seven new contract RCHEs will commence services by 2018 and has earmarked sites for 13 new projects; (ii) the Hong Kong Government's efforts to focus on expansion and upgrading of current subvented and self-financing RCHEs.

According to the service nature of RCHEs

According to the SWD, the service nature of RCHEs can be categorised in four types, namely, nursing homes, care and attention homes, aged homes and hostels for the elderly. The number of hostels for the elderly and aged homes has decreased over the years because since 2006, the subvented ones have been converted to care and attention homes to provide a continuum of care. It is expected that subvented hostels for the elderly and subvented aged homes will cease to exist by 2018. On the contrary, the number of non-private care and attention homes and non-private nursing homes have risen since 2011 and is forecasted to continue to grow after 2015 due to the Hong Kong Government's preference in encouraging the establishment of these homes with their subvention that are able to provide long-term care. Private homes (including nursing homes, care and attention homes, aged homes and hostels for the elderly) have been struggling with rising rental and labour costs forcing some of them to close and it is likely that the challenging situation will persist up to 2020.

The chart below shows the historical and expected number of RCHEs in Hong Kong by financing nature (private and non-private) and service nature from 2011 to 2020:

Number of RCHEs in Hong Kong by financing nature and service nature from 2011 to 2020

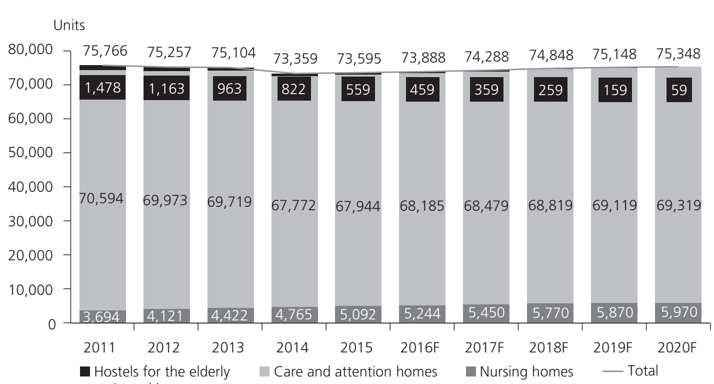


Sources: SWD and Ipsos Report

Number of RCHE places in Hong Kong

As at 31 December 2015, there were a total of 73,595 places offered by all RCHEs in Hong Kong. In 2015, places in care and attention homes made up approximately 92.3% of total places and it is expected to continue to lead the other types of RCHE places. The total number of RCHEs places in Hong Kong slightly dropped from approximately 75,766 places in 2011 to 73,595 places in 2015. This was mainly due to a decrease in the number of hostels for the elderly, aged homes places and care and attention home places. However, the number of care and attention home places picked up in 2015 and it is forecasted that with various current initiatives by the Hong Kong Government, the number of care and attention home places will continue to increase gradually between 2016 and 2020. Furthermore, the increase in life-expectancy of people is also expected to result in an increase in demand for RCHE places. The chart below shows the number of places in RCHEs in Hong Kong by service nature from 2011 to 2020:

Number of RCHE places (by service nature of home) in Hong Kong from 2011 to 2020



Period	Total places CAGR
2011 to 2015	-0.7%
2016 to 2020	0.5%
2011 to 2020	-0.1%

Type	2011 to 2015 CAGR	2016 to 2020 CAGR
Hostels for the elderly and aged homes	-21.6%	-40.1%
Care and attention homes	-1.0%	0.4%
Nursing homes	8.4%	3.3%

Sources: SWD and Ipsos Report

Among the 73,595 RCHE places as at 31 December 2015, 26,763 (approximately 36.4%) and 46,832 (approximately 63.6%) of which are attributable to subsidised places and non-subsidised RCHE places respectively. Among these 26,763 subsidised RCHE places, approximately 56.4% and 29.9% are attributable to non-private care and attention homes and private care and attention homes (under EBPS) respectively. Set out below is the breakdown of subsidised RCHE places as at 31 December 2015:

Subsidised RCHE places

RCHE places by service and financing nature	Subsidised RCHE places	%
Care and attention homes		
— Non-private *(Note)*	15,087	56.4
— Private (under EBPS)	7,999	29.9
Nursing homes (non-private)	3,610	13.5
Aged homes (non-private)	67	0.2
Hostels for the elderly (private and non-private)	—	—
Total	26,763	100.0

Note: Non-private RCHEs refer to those subvented, self-financing and contracted.

For the 46,832 non-subsidised RCHE places, approximately 89.1% and 6.7% are attributable to private care and attention homes (not under EBPS) and non-private care and attention homes respectively. Set out below is the breakdown of non-subsidised RCHE places as at 31 December 2015:

Non-subsidised RCHE places

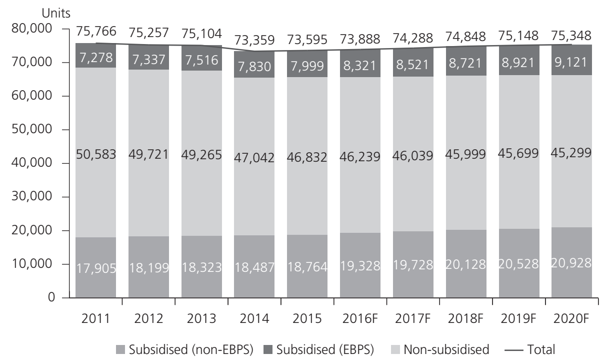
RCHE places by service and financing nature	Non-subsidised RCHE places	%
Care and attention homes		
— Non-private *(Note)*	3,141	6.7
— Private (not under EBPS)	41,717	89.1
Nursing homes (non-private)	1,482	3.2
Aged homes (non-private)	492	1.0
Hostels for the elderly (private and non-private)	—	—
Total	46,832	100.0

Note: Non-private RCHEs refer to those non-profit-making, self-financing and contracted but other than subvented.

Sources: SWD and Ipsos Report

The proportion of non-subsidised places in RCHEs dropped approximately from 66.8% in 2011 to 63.6% in 2015 and is expected to continue to drop to approximately 60.1% by 2020. Since 2011, the Hong Kong Government has provided more subsidised places in RCHEs and increased the number of EBPS places due to the growing demand for these places by aging population. Although the waiting time for a subsidised place is much longer than that for a non-subsidised place, some elderly prefer to wait or, if condition allowed, move into a non-subsidised place first, until they can move into a subsidised place. This is not just because of the cost, but also the better spacing and staffing in subsidised homes in general. Moving forward, the Hong Kong Government has pledged to further increase the number of subsidised places through various measures and also purchase more EBPS places from private homes. The following chart shows the number of places in RCHEs in Hong Kong by subsidised, non-subsidised and EBPS places from 2011 to 2020:

Number of places in RCHEs (by type of subsidy) in Hong Kong from 2011 to 2020



Type	2011 to 2015 CAGR	2016 to 2020 CAGR
Subsidised (non-EBPS)	1.2%	2.0%
Subsidised (EBPS)	2.4%	2.3%
Non-subsidised	-1.9%	-0.5%
Total	-0.7%	0.5%

Sources: SWD, Director of Audit Report No 63 and Ipsos Report

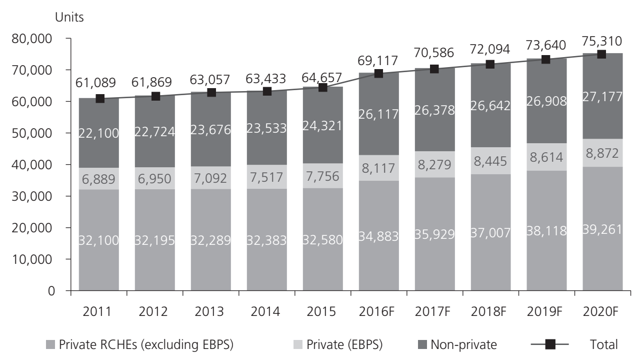
Demand for subsidised RCHE places in Hong Kong

At the end of December 2015, there were a total of 33,163 applicants on the Central Waiting List for subsidised RCHEs places. It consisted of 27,050 applicants for care and attention homes and 6,113 applicants for nursing homes. The number of applicants in the CWL had increased over the years, but efforts by the Hong Kong Government had ensured that the average waiting time has decreased, especially for a place in a nursing home. Average waiting time is the average number of months taken between the waitlist date and the admission date of normal cases admitted to service, which is affected by demand of subsidised places as well as supply of new and existing subsidised places. In 2015, the average waiting time for a place in a subsidised care and attention home, a subsidised nursing home and a private RCHE under the EBPS was approximately 20 months, 26 months and 8 months, respectively.

Number of residents residing in RCHEs in Hong Kong

The number of residents in private RCHEs under EBPS saw a CAGR of approximately 3.0% between 2011 and 2015 due to the SWD's efforts in promoting the attractiveness of the EBPS to both the home operators and elderly applicants. During the same period, there was a slower growth of residents in the private RCHEs for non-EBPS places due to elderly opting not to stay in private RCHEs (non-EBPS). This is because they have to pay more for a place in a private RCHE (non-EBPS) but the quality of care received is generally not comparable to that of a non-private RCHE. However, moving forward, it is expected that more elderly people will take up places in private RCHEs due to the Hong Kong Government's efforts in improving the quality of RCHEs. It is also expected that the Hong Kong Government will be purchasing more vacant places from private homes under the EBPS. In addition, the supply from non-private RCHEs will be insufficient to meet the fast growing demand for a RCHE place. The long waiting time will drive more residents to the private RCHEs. The chart below shows the number of residents in RCHEs in Hong Kong (by financing nature) from 2011 to 2020:

Number of residents in RCHEs in Hong Kong (by financing nature) from 2011 to 2020



Type	2011 to 2015 CAGR	2016 to 2020 CAGR
Private RCHEs (excluding EBPS)	0.5%	3.0%
Private RCHEs (EBPS)	3.0%	2.2%
Non-private RCHEs	2.5%	1.0%
Total	1.4%	2.2%

Sources: SWD, Director of Audit Report No 63 and Ipsos Report

Recurrent expenditure by the Hong Kong Government on the provision of subsidised RCHE places which may facilitate the demand of subsidised RCHE places

During the financial year 2010–11 (i.e. the financial year ended 31 March 2011), the Hong Kong Government spent approximately HK$2,435.0 million on the provision of subsidised places in RCHEs. Such recurrent expenditure increased by a CAGR of approximately 12.9% over the subsequent years to approximately HK$3,953.0 million during the financial year 2014–15. This reflects the Hong Kong Government's commitment to enhance the quality and quantity of elderly care services in RCHEs to meet the increasing demand for a subsidised place by the elderly. The Hong Kong Government is putting in place a series of forward-planning initiatives to meet the challenges brought about by the continuous growth in demand for elderly services due to an ageing population, including speeding up the provision and improving the quality of RCHE places. It is expected to allocate a recurrent provision of HK$140.0 million from the financial year 2016–2017 onwards to provide more subsidised RCHE places, enhance existing residential care services and progressively upgrade 1,200 EA2 places under the EBPS. In addition, the Hong Kong Government shall increase the annual recurrent expenditure by HK$71.0 million to provide additional places for day care and RCHE, and improve residential care services.

The trend of an aging population and the increase of the old-age dependency ratio is expected to persist up to 2020. A declining mortality rate that has led to an increase in life-expectancy has caused the population of the elderly in Hong Kong to continuously increase. The population of the elderly was approximately 0.9 million in 2011 and grew to approximately 1.1 million in 2015, representing a CAGR of approximately 4.5%. It is projected that this CAGR will remain about the same up to 2020 during which the population of the elderly is expected to reach approximately 1.4 million. At the same time, due to the decreasing fertility rate in Hong Kong, the population of individuals below 65 years old will not be growing as quickly. This has led the old-age dependency ratio to increase from approximately 17.7% in 2011 to approximately 20.9% in 2015. By 2020, it is forecasted that the old-age dependency ratio will reach approximately 26.5%. This signifies that there will be more elderly to be supported by working adults which will put pressure on the allocation of fiscal resources to pay for the pensions and health care of the elderly.

Another factor which drives the demand for residential care services in RCHEs in Hong Kong is the increase in incidence of chronic diseases and physiological deterioration among older people. Among those aged 60 and above, the percentage of those having one or more chronic diseases increased from approximately 48.8% in 2000 to approximately 59% in 2007 and further to approximately 61.8% in 2013. Similarly, disability has become more prevalent among older people in Hong Kong. In 2013, approximately 28.4% of people above 60 had one or more disabilities, higher than the corresponding rate of approximately 15.0% in 2000 and 21.5% in 2007.

A report by the Elderly Commission in 2009 revealed that the elderly in Hong Kong recorded a much higher institutionalisation rate, which refers to the percentage of elderly staying in RCHEs, as compared to other neighbouring countries. The institutionalisation rate in Hong Kong is approximately 6.8% as compared to approximately 1.0% in China, approximately 2.0% in Taiwan and approximately 3.0% in Japan. This has resulted in high demand for residential care services in RCHEs in Hong Kong.

REVENUE OF THE RCHE INDUSTRY IN HONG KONG

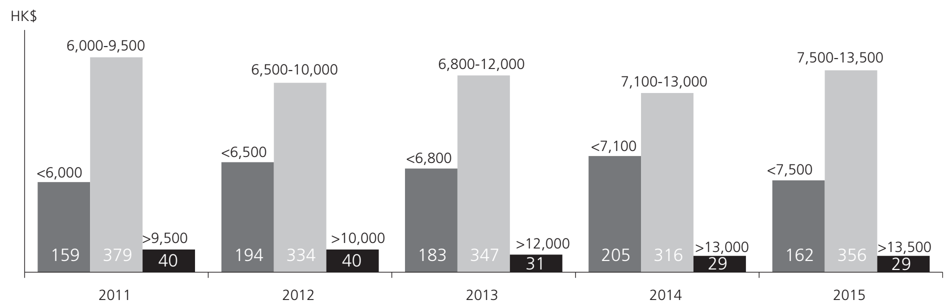
The total revenue in the RCHE industry has grown by a CAGR of approximately 7.4% between 2011 and 2015 from approximately HK$6,206 million to approximately HK$ 8,271 million. It is forecasted to reach about HK$11,490 million in 2020, representing a CAGR of approximately 7.0% from 2016 to 2020. The increase in the size of the elderly home market can be attributable to a number of factors, such as increasing RCHE fees due to RCHEs passing on rising operational costs to residents, the increasing number of elderly in the society due to the aging population, decreasing ability of the family in shouldering the care responsibility due to reduced family size, decreasing social trend of co-residence of adult children and their elderly parents and limited space available in Hong Kong's residential flats.

LEVEL OF FEES CHARGED BY RCHES IN HONG KONG

Generally, private RCHEs that charge towards low end of the fee range consist of those where more than five residents are placed in a single room in a private RCHE. On the other hand, those private RCHEs that charge towards the high end of the fee range will enable residents to enjoy a single occupancy room. In 2011, the minimum fee charged by a private RCHE was HK$3,800 per month. In 2015, the minimum fee in this category was HK$4,700 per month.

The private RCHEs which target Hong Kong's middle class tend to charge a more expensive fees currently in the range of maximum fee between HK$7,500 and HK$13,500 per month. Majority of private RCHEs fall into this fee range category. In 2011, the upper boundary of this majority class was HK$9,500 per month and this increased to HK$13,500 per month in 2015. There are a small number of private RCHEs which target the wealthy elderly people and the fee charged for a place in those RCHEs can be as much as HK$62,240 per month in June 2016. The following chart shows the range of maximum fee of private RCHEs in Hong Kong from 2011 to 2015:

Range of average maximum price of private RCHEs in Hong Kong from 2011 to 2015



Note: Price range only includes fees for a RCHE place and does not include fees for additional care

Sources: SWD and Ipsos Report

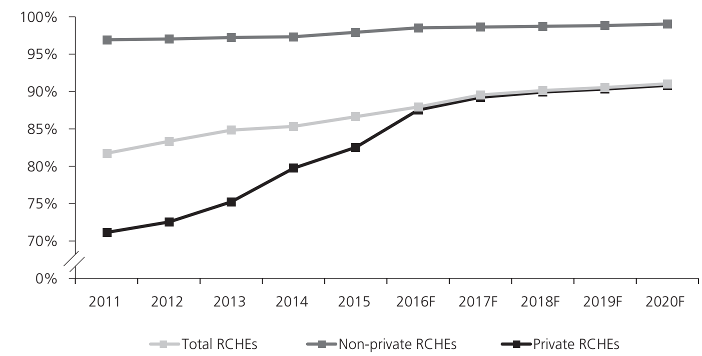
RCHEs WITH HIGH-END MONTHLY RESIDENTIAL FEES OF HK$27,000 OR ABOVE

According to a bank survey in 2015, approximately 56,000 people in Hong Kong have total net assets of over HK$10.0 million. Among this population, the average age is 58 years with average total net assets of HK$49.0 million. It is thus anticipated that the number of elderly, who are able to afford high-end RCHEs, will grow when these people age. In June 2016, RCHEs with high-end monthly residential fees of HK$27,000 or above represent the minority of all RCHEs, representing approximately 2.0% of the total number of RCHEs in Hong Kong. Such RCHEs comprised non-subsidised non-private RCHEs (approximately 64.0%) and subsidised non-private RCHEs (approximately 36.0%), without any private RCHEs. These RCHEs charge higher fees as they offer more sophisticated additional services, including individual care plans, rehabilitation services, and specialised medical services to maximum comfort for the elderly residents. The average occupancy rate of RCHEs with high-end monthly residential fees of HK$27,000 or above was approximately 87.0%.

AVERAGE OCCUPANCY RATE OF THE RCHE INDUSTRY IN HONG KONG

The aging population in Hong Kong has resulted in a continuous increase in the demand for a place in a RCHE and subsequently raising the occupancy rates in the RCHEs. The occupancy rate in the non-private RCHEs has been close to full occupancy throughout 2011 to 2015 and it is expected to remain the same up to 2020. The occupancy rate at private RCHEs has been on the rise due to substantial efforts by the Hong Kong Government to encourage the private home operators to participate in the EBPS and at the same time, the Hong Kong Government has been purchasing more places under the EBPS. Encouraging more private homes to participate in the EBPS has also resulted in an upgrade in the service standards of the participating private RCHEs making them more attractive to elderly applicants. Since 2011, due to a substantial increase in operational costs, particularly the rental, some private RCHEs has had to cease operations. Residents of these homes would have had to relocate to other homes and this consolidation has also contributed to an increase in the occupancy rate in the remaining private RCHEs that are still in operation. The following diagram shows the average occupancy rate of RCHEs in Hong Kong from 2011 to 2020:

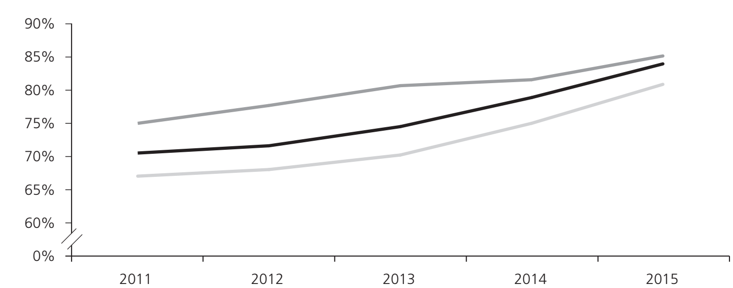
Average occupancy rate of RCHEs in Hong Kong from 2011 to 2020



Sources: SWD and Ipsos Report

The most noteworthy increase in occupancy rate is with the private RCHEs that offer places that are priced above the average maximum price range. Even though the price of these places has increased over the years, there has been an increasing preference and ability to pay by elderly residents as evidenced by the increasing occupancy rate. The diagram and table below show the occupancy rate of private RCHEs in Hong Kong by maximum price range from 2011 to 2015:

Occupancy rate of private RCHEs in Hong Kong from 2011 to 2015
(by maximum price range)



	2011	2012	2013	2014	2015
Below the maximum price range for majority of RCHEs (HK$)	<6,000	<6,500	<6,800	<7,100	<7,500
Maximum price range for majority of RCHEs (HK$)	6,000-9,500	6,500-10,000	6,800-12,000	7,100-13,000	7,500-13,500
Above the maximum price range for majority of RCHEs (HK$)	>9,500	>10,000	>12,000	>13,000	>13,500

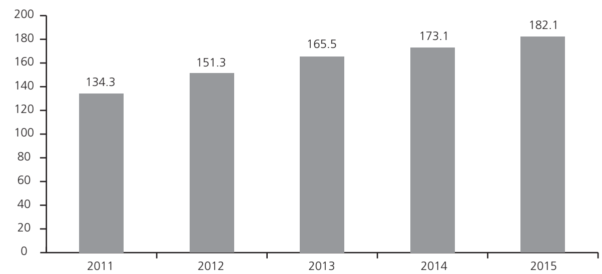
Note: Price range only includes fees for a place in a RCHE and does not include fees for additional care services

Sources: SWD and Ipsos Report

HISTORICAL RENTAL INDICES AND AVERAGE WAGES OF WORKERS OF THE RCHE INDUSTRY IN HONG KONG

The rental prices of retail premises have experienced an upward trend between 2011 and 2015 due to a strong retail sector boosted by mainland tourists. For private retail premises, the rental indices climbed from 134.3 points in 2011 to 182.1 points in 2015. The following chart shows the rental indices of private retail premises in Hong Kong from 2011 to 2015:

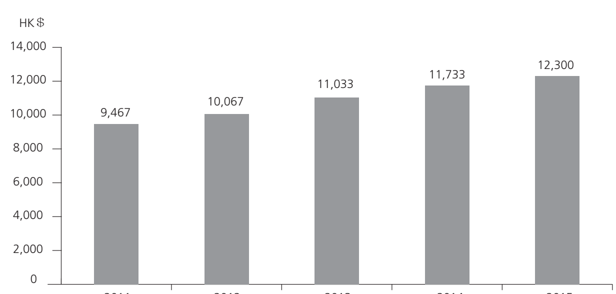
Rental indices of private retail premises in Hong Kong from 2011 to 2015



Sources: Rating and Valuation Department and Ipsos Report

In 2011, the monthly wages for workers in RCHEs ranged from HK$8,000 to HK$11,300 and averaged at approximately HK$9,467. Monthly wages rose to range between HK$10,300 and HK$14,600 in 2015 and the average monthly wages during that year was approximately HK$12,300. Wage rise in the RCHE industry was contributed by efforts by some employers in raising wages to attract new staff which was necessary due to manpower shortages in RCHEs. The chart below shows the average monthly wages of workers in RCHEs in Hong Kong from 2011 to 2015:

Average monthly wages of workers in RCHEs in Hong Kong from 2011 to 2015



Sources: Census and Statistics Department and Ipsos Report

COMPETITIVE LANDSCAPE OF THE RCHE INDUSTRY IN HONG KONG

The RCHE industry in Hong Kong is a mature industry and it is fragmented with many small private operators. The five largest RCHE operators accounted for less than 20% of the market share in terms of revenue. In the private RCHE segment, there are many small independent operators who operate a single RCHE. In the non-private RCHE segment, the subvented or self-financing RCHEs are more consolidated with a few large operators. The size of non-private RCHEs is generally larger than that of the private RCHEs whereby the average number of beds in a non-private RCHE is approximately 130 while that in a private

RCHE is approximately 80. Currently, the main factors of competition in the RCHE industry in Hong Kong are price, premises condition, number of care-takers to elderly and facilities. Although the price of a RCHE place is an important factor of competition, there is an increasing emphasis on the other factors. As the aging population and their families have a higher standard of living and are more educated, they will demand a higher quality of elderly care services.

The following table shows the five largest RCHE operators in Hong Kong in terms of revenue in 2015:

No.	Operator	Type of RCHE	Revenue (HK$ million)	Market share (%)	Number of RCHEs	Number of places	Number of residents
1.	Competitor A	Non-private	637.0	7.7	26	3,340	3,336
2.	Competitor B	Non-private	260.7	3.2	12	1,473	1,440
3.	Competitor C	Non-private	260.6	3.2	8	1,282	1,267
4.	Competitor D	Non-private	256.1	3.1	9	1,296	1,294
5.	Competitor E.	Private	212.7	2.6	17	2,297	2,119

Note: Revenue only includes fees for a place in a RCHE and does not include fees for additional care services

Sources: SWD and Ipsos Report

The following table shows the five largest private RCHE operators in Hong Kong in terms of revenue in 2015:

No.	Operator	Revenue (HK$ million)	Market share (%)	Number of RCHEs	Number of places	Number of residents	Revenue per resident per month (HK$)
1.	Competitor E.	212.7	4.6	17	2,297	2,119	8,364.8
2.	Our Group	139.6	3.0	9	1,218	1,138	10,221.9
3.	Competitor F.	77.0	1.7	3	648	577	11,120.7
4.	Competitor G	67.1	1.5	4	594	570	9,804.1
5.	Competitor H	50.7	1.1	4	651	583	7,247.0

Note: Revenue only includes fees for a place in a RCHE and does not include fees for additional care services

Sources: SWD and Ipsos Report

The following table shows the five largest private RCHE operators participating in the EBPS in Hong Kong in terms of number of EBPS places in 2015:

No.	Operator	Number of RCHEs	Number of places	Number of EBPS places	Market share of EBPS places (%)
1.	Our Group	9	1,218	747	9.3
2.	Competitor I	6	856	459	5.7
3.	Competitor J	4	757	392	4.9
4.	Competitor F	3	648	345	4.3
5.	Competitor G	4	594	336	4.2

Source: SWD and Ipsos Report

Our Group constituted approximately 1.7% of the market share among all RCHEs and about 3.0% among private RCHEs in terms of revenue in 2015.

MARKET DRIVERS AND ENTRY BARRIERS TO THE RCHE INDUSTRY IN HONG KONG

The market drivers to the RCHE industry in Hong Kong include:

- *increasing focus by the Hong Kong Government on providing more subsidised RCHE places and enhancing the quality of RCHEs.* In the 2016 to 2017 Budget, the Hong Kong Government has pledged to expedite the provision of and quality improvement of residential care places for the elderly. The Hong Kong Government will allocate a recurrent provision of HK$140.0 million from 2016 to 2017 to provide more subsidised RCHE places, enhance existing residential care services, and progressively upgrade 1,200 EA2 places under the EBPS. In addition, the Hong Kong Government shall increase the annual recurrent expenditure by HK$71.0 million to provide additional places for day care and RCHE, and improve residential care services;

- *surging demand for residential care services in RCHEs in Hong Kong*. Such demand was mainly due to (i) an aging population; (ii) an increase in incidence of chronic diseases and physiological deterioration among older people; and (iii) a high institutionalisation rate due to the inability of families to take care of frail elderly family members at home; and

- *increasing Hong Kong Government initiatives in providing training for RCHE operators, management, and staff to enrich their knowledge and skills in taking care of elderly residents*. For instance, the SWD has organised seminars and workshops in 2015 and 2016 for participants from the elderly residential care sector to enhance the management skills of operators and home managers; and the Employees Retraining Board will launch a new certification course for current RCHE management staff in 2016 to 2017.

The entry barriers to the RCHE industry in Hong Kong include:

- *shortage of land and labour*. Private RCHEs are often located in rented residential or lower levels of commercial buildings which are relatively less spacious but more expensive in rental cost as compared to subvented/contract RCHEs which are located in purpose-built complexes. Private RCHEs are often affected by demands for rental increases by landlords. It is also difficult for RCHEs to recruit and retain non-professional or general frontline workers such as care workers due to many experienced frontline workers leaving the industry because of unattractive working conditions such as long working hours and low salary; and

- *high capital requirements due to increasing operating costs*. Due to increasing staff salaries and soaring rental costs, private RCHEs often face difficulties sustaining their operations. For instance, the rise in statutory minimum wage in 2015 from HK$30 per hour to HK$32.5 per hour would have a direct impact on the operating costs of RCHEs.

FUTURE OPPORTUNITIES, THREATS AND/OR CHALLENGES TO THE RCHE INDUSTRY IN HONG KONG

The future opportunities to the RCHE industry in Hong Kong include:

- *rising standards of living will drive demand for better quality residential care services*. There has been a steady increase in the average annual household disposable income from approximately HK$655,000 in 2011 to approximately HK$784,100 in 2015. Such growth reflects the increasing ability of Hong Kong families to spend on RCHEs that are more expensive but provide a higher quality of care to elderly resident;

- *the Hong Kong Government will continue to increase the number of subsidised RCHE places*. In the past few years, the Hong Kong Government provided additional resources to purchase more places under the EBPS from private RCHEs. The number of EBPS places increased from 7,278 places in 2011 to 7,999 places in 2015. Going forward, the number of subsidised places in non-private RCHEs is unlikely to be able to meet the growing demand by the applicants on the CWL. Therefore, the Hong Kong Government has indicated that it will continue to increase the number of EBPS places in private RCHEs and allocate additional resources to upgrade EA2 places to EA1 level. In addition, according to the Policy Address 2016, the HK Government plans to provide 1,700 new subsidised residential care places for the elderly in phases from the financial year 2014–15 to 2017–18. Another 1,700 places will be provided through developing and renovating vacant premises in 16 development projects and sites; and

- *the extension of Pilot Scheme on Residential Care Service Voucher will provide an opportunity for RCHEs with the price range at the higher end*. The Hong Kong Government announced the extension of the scheme in the 2016 Budget Speech and has earmarked HK$800.0 million for issuing a total of 3,000 service vouchers under the scheme. The vouchers value will be higher than the average value of the assistance under the CSSA Scheme received by elderly residing in private RCHEs. Private or non-RCHE operators participating in the scheme are required to, among others, fulfil or exceed the staffing and space requirements of EA1 RCHEs. By granting vouchers to the elderly, the Hong Kong Government aims to provide economic incentives for RCHEs to improve the services. The extension of the scheme will prove to be an opportunity for RCHEs with the price range at the higher end of the price spectrum as they generally have more sophisticated services and facilities (i.e. sufficient space and manpower) and hence, have a higher chance of meeting the EA1 standards to benefit under the scheme.

The threats and/or challenges to the RCHE industry in Hong Kong include:

- *negative reports about elderly abuse cases in private RCHEs*. There was an outcry over the media exposure of a case of abuse of residents in a private nursing home in Tai Po in May 2015 which resulted in a negative perception about the quality of private RCHEs and cast doubt on the effectiveness of the inspection and licensing system for monitoring private RCHEs. In particular, private RCHEs not participating in the EBPS are viewed less favourably than non-private RCHEs and private RCHEs participating in the EBPS in terms of service quality. This is because in addition to fulfilling the relevant statutory licensing requirements, non-private RCHEs and private RCHEs participating in the EBPS are required to meet additional enhanced standards set out in the relevant service contracts signed between the operators and the SWD; and

- *new alternatives by the Hong Kong Government to address the shortage of subsidised RCHE places might see more elderly choosing to reside in the Mainland, though on a limited scale in the foreseeable future*. Introduced in 2014, the Pilot Residential Care Services Scheme in Guangdong (Guangdong Scheme) provides an option for elderly who are on the CWL to consider choosing to live in RCHEs in China. The Hong Kong Government has also stated that they plan to allow elderly not on the CWL to join the Guangdong Scheme. In addition, the Portable Comprehensive Social Security Assistance Scheme (PCSSA Scheme) enables elderly CSSA recipients to continue to receive cash assistance under the CSSA Scheme if they choose to take up permanent residence in Guangdong or Fujian, the PRC. This has encouraged elderly to move to RCHEs located in these two provinces in the PRC.

The principal business of our Group is the operation of RCHEs. Our operation is mainly governed by the RCH(EP)O and its subsidiary legislation, the RCH(EP)R. Our operation is also subject to certain legislations, general rules and regulations in relation to building safety, fire safety, labour, physiotherapists, nurses, dealing in and storage of pharmaceutical products and dangerous drugs, and disposal of chemical and clinical wastes. This section sets out a summary of certain aspects of the Hong Kong laws and regulations which are relevant to our Group's operations and business. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to our Group.

REGULATIONS IN RELATION TO THE OPERATION OF RESIDENTIAL CARE HOMES FOR THE ELDERLY

Residential Care Home (Elderly Persons) Ordinance (RCH(EP)O) and its subsidiary legislation

The RCH(EP)O provides for the regulation of RCHEs in Hong Kong. Under the RCH(EP)O, a "residential care home for the elderly" is defined as "any premises at which more than 5 persons who have attained the age of 60 years are habitually received for the purposes of care while resident therein".

Section 6 of the RCH(EP)O requires any person who on any occasion operates, keeps, manages or otherwise has control of a RCHE must hold a licence for the time being in force, which is issued by the SWD under section 8(2)(a) or renewed under section 9 of the RCH(EP)O.

All of our care and attention homes fall within the definition of "residential care home for the elderly" and are thus subject to the regulation of the RCH(EP)O. As at the Latest Practicable Date, all of the members of our Group operating our care and attention homes had been issued with licences to operate RCHEs by the SWD under the RCH(EP)O.

The RCH(EP)R stipulates the requirements for the operation, management and supervision of RCHEs in Hong Kong, including the employment of staff, location and design of RCHEs.

Section 3 of the RCH(EP)R classifies RCHEs into three types according to the level of care and assistance required by the residents, namely:

- a "care and attention home" — an establishment providing residential care, supervision and guidance for persons who have attained the age of 60 years and who are generally weak in health and are suffering from a functional disability to the extent that they require personal care and attention in the course of daily living activities but do not require a high degree of professional medical or nursing care;

- an "aged home" — an establishment providing residential care, supervision and guidance for persons who have attained the age of 60 years and who are capable of observing personal hygiene but have a degree of difficulty in performing household duties related to cleaning, cooking, laundering, shopping and other domestic tasks; or

- a "hostel for the elderly" — an establishment providing residential care, supervision and guidance for persons who have attained the age of 60 years and who are capable of observing personal hygiene and performing household duties related to cleaning, cooking, laundering, shopping and other domestic tasks.

The requirement for the number of ancillary workers, care workers, health workers and nurses to be employed by the operator of a RCHE under the RCH(EP)R varies according to the type of the RCHE.

In addition, persons employed to work in RCHEs as health workers are required to be registered with the SWD. To register with the SWD as a "health worker" under the RCH(EP)R, a person should, among other things:

- have completed a course of training approved by the SWD; or

- by reason of his/her education, training, professional experience and skill in health work, satisfy the SWD that he/she is a suitable person to be registered as a health worker; and

- be competent, fit and proper.

As at the Latest Practicable Date, we employed 75 health workers at our care and attention homes and all health workers are included in the register of health workers maintained by the SWD.

Under the RCH(EP)R, nurses employed by operators of RCHEs should be registered nurses or enrolled nurses within the meaning of the Nurses Registration Ordinance (Chapter 164 of the Laws of Hong Kong) (the "**NRO**"). See "Regulations of Registered Nurses and Enrolled Nurses" in this section for further details of the nurses employed by our Group.

The RCH(EP)R also regulates, among other things, the follow aspects of RCHEs:

- location;

- height;

- design;

- area of floor space per resident;

- accessibility;

- heating, lighting and ventilation;

- toilet facilities;

- water supply and ablutions; and

- repair.

Code of Practice for Residential Care Homes (Elderly Persons) (RCHE Code of Practice)

All RCHEs have to comply with the RCHE Code of Practice issued by the SWD under section 22 of the RCH(EP)O. The RCHE Code of Practice supplements the regulations and requirements under the RCH(EP)R and covers, among other things, the following aspects:

- regulations in relation to building and accommodation, including compliance with the relevant legislations, statutory plans, land lease conditions, deed of mutual covenant and tenancy conditions; restriction to premises of RCHE; design; basic facilities; accessibility; means of escape; fire resisting construction; heating, lighting and ventilation; toilet facilities; water supply and ablutions; repair; renovation;

- requirements in relation to fire safety and fire precautions, including location; height; fire service installations and equipment; fire precautions;

- regulations in relation to area of floor space and number of residents;

- requirements in relation to furniture and equipment used in a RCHE, including items (and minimum quantities thereof) required for dormitory, sitting and dining room, toilet/bathroom, kitchen/pantry, laundry, office, medical equipment and supplies and other equipment;

- regulations in relation to management of RCHE, including procedures for admission of residents to RCHE; charges and handling of residents' properties; schedule of daily activities; staff record; record keeping; staff meeting; insurance; handling of personal data;

- requirements in relation to staffing of RCHE, including conditions of service; staff training; relief staff;

- requirements in relation to health workers;

- requirements in relation to health and care services, including drug storage and management; annual medical examination; personal care; use of restraints; measures to be taken for specialised nursing procedures;

- infection control, including the designation of an infection control officer; preventive measures for infectious diseases; management of cases of infectious diseases;

- requirements in relation to nutrition and diet;

- cleanliness and sanitation; and

- social care.

The RCHE Code of Practice also provides that all RCHEs have to comply with relevant laws and regulations in relation to building safety, fire safety, labour, etc. See "Regulations in relation to Building Safety and Fire Safety" and "Regulations in relation to Labour" in this section for further details of an overview of the laws and regulations in relation to building and fire safety and labour regulations applicable to our principal business respectively.

Licensing Office of Residential Care Homes for the Elderly (LORCHE)

The SWD established the LORCHE for the administration of the licensing scheme under the RCH(EP)O, the RCH(EP)R and the RCHE Code of Practice. The LORCHE handles applications and renewal of licences for RCHEs. Conditions in relation to the operation, management or other control of the RCHE may be imposed upon the issue or renewal of a licence. The validity period of a licence may vary according to the degree of compliance of the RCHE with various statutory requirements as outlined in the RCH(EP)O, the RCH(EP)R and the RCHE Code of Practice on staffing, space, location, design, structure, safety precautions and quality of care to residents of RCHEs.

The LORCHE is also responsible for monitoring the operation of RCHEs on an ongoing basis and providing guidance and advice to the operators of RCHEs to ensure that all RCHEs continuously comply with the licensing requirements stipulated under the RCH(EP)O, RCH(EP)R and the RCHE Code of Practice.

The LORCHE comprises four professional inspectorate teams, responsible for conducting inspection in building safety, fire safety, health and care and social work. The inspectorate teams conduct surprise inspections at RCHEs, covering aspects such as drug management, personal care services, infection control, handling of accidents, environmental hygiene, meals and staffing. The LORCHE's inspectors conduct interviews with the residents and their relatives to collect feedback on the services provided by RCHEs. In addition, officers of the LORCHE conduct audit checks through surprise inspections at RCHEs randomly assigned to them by computer to ensure the quality of inspections.

The LORCHE adopts a risk-based approach in conducting inspections and accords priority to complaints handling. After conducting inspection at a RCHE, the LORCHE will adjust the frequency of inspections having regard to the number and nature of non-compliant items identified during the inspection to ensure that the non-compliant items are timely rectified. RCHEs are required by the LORCHE to rectify irregularities detected during inspections. Depending on the severity of the irregularities, advisory or warning letters are issued to non-compliant RCHEs. Under the RCH(EP)O, the SWD may issue a direction to the RCHE to direct remedial measures. If the RCHE fails to comply with a direction given, prosecution action may be taken.

Save as disclosed in this prospectus, our Directors are not aware of (a) our care and attention homes being involved in any material non-compliance with the RCH(EP)O, RCH(EP)R and the RCHE Code of Practice during the Track Record Period; (b) any warning letters being issued by the LORCHE in relation to the operations of our care and attention homes; or (c) any prosecution actions being taken by or pending from the LORCHE against the operations of our care and attention homes during the Track Record Period and up to the Latest Practicable Date.

Enhanced Bought Place Scheme (EBPS)

The SWD has purchased places from private RCHEs under the EBPS since 1998, with a view to upgrading the service standard of the RCHEs through enhanced service requirements in terms of staffing and space standard. The EBPS is sub-divided into two categories, namely, EA1 and EA2. The RCHEs that can meet the requirements under EA1 or EA2 can participate in the EBPS and offer their places for purchase by the Hong Kong Government.

A major characteristic of the EBPS is that once a private RCHE participates in the scheme, the same enhanced standards (such as staffing and bed spacing requirements) will apply to the entire home (including non-subsidised places), hence making the EBPS an effective means of encouraging private RCHEs to enhance their service quality.

Under the EBPS, the minimum net floor area per resident for EA1 RCHEs and EA2 RCHEs are 9.5 m^2 and 8 m^2, respectively, whereas the minimum net floor area per resident for care and attention homes under the RCH(EP)R is 6.5 m^2.

The SWD enters into a fixed term EBPS Agreement with the RCHE that can meet the requirements under EA1 or EA2 and has offered its residential care places for purchase by the SWD. The EBPS Agreement sets out specifically the minimum staffing requirement applicable to the RCHE, which is higher than the minimum staffing requirement under the RCH(EP)R and the RCHE Code of Practice.

Set out below is a guideline on the staffing requirement under the EBPS (with reference to a 40-place care and attention home on the basis of eight working hours per staff per day) for EA1 RCHEs and EA2 RCHEs, which is subject to the staffing requirement set out specifically in a EBPS agreement.

	EA1 RCHE	**EA2 RCHE**
Home manager	1	1
Registered/enrolled nurse	2	—
Physiotherapist *(Note)*	0.5	—
Health worker	2	4
Care worker	8	8
Ancillary worker	8	6
Total	21.5	19

Note: Applicable only to EBPS RCHEs receiving government subsidy for provision of physiotherapy service.

The EBPS Agreement contains other terms governing the operation of a RCHE participating in the EBPS. See "Business — Our customer — The SWD — Principal terms of our agreements with the SWD" in this prospectus for a summary of the principal terms of our subsisting EBPS Agreements with the SWD.

Under the EBPS, the SWD sets the prices for the various types of places in RCHEs participating in the EBPS. The price is made up of two components: government subsidy and the fee payable by the resident. The amount of government subsidy (per place per month) for the EBPS is subject to annual review and adjustment according to the established mechanism. The table below sets forth the monthly residential fees payable by the SWD and the resident for a place under the EBPS (applicable as at the Latest Practicable Date):

Classification	SWD	Resident
EA1 (Urban)	HK$10,709	HK$1,707
EA1 (New Territories)	HK$10,146	HK$1,707
EA2 (Urban)	HK$8,255	HK$1,603
EA2 (New Territories)	HK$7,784	HK$1,603

As at the Latest Practicable Date, all of our care and attention homes participated in the EBPS. See "Business — Our care and attention homes" in this prospectus for details of the classification of residential care places at our care and attention homes under the EBPS.

Before 2003, the SWD would purchase up to 70% of the EBPS places from private RCHEs. In 2003, a "50% cap" requirement was set for new participants of the EBPS or existing participants of the EBPS that had not reached the 50% threshold of purchased places. According to the SWD, the reduction of the capped percentage of purchased places from 70% to 50% since 2003 aimed to allow participating private RCHEs to run their non-subsidised part of business in the same RCHE, and to enable more private RCHEs to participate in the EBPS so as to enhance the service standard of private RCHEs as far as possible.

Other government subsidies

The HK Government has various subsidies for private RCHEs participating in the EBPS to provide additional support to residents who have been medically assessed to be suffering from dementia and residents who have been medically assessed to be chronically ill or disabled requiring medical infirmary placement.

Dementia Supplement

Dementia Supplement ("**DS**") has been provided as additional support for elderly persons with dementia in private RCHEs participating in the EBPS. With the DS allocation, the RCHEs concerned may employ additional professional staff, including occupational therapists, nurses and social workers, etc., or purchase relevant professional services.

As at the Latest Practicable Date, all of our care and attention homes were receiving DS from the HK Government.

Infirmary Care Supplement

Infirmary Care Supplement ("**ICS**") is an additional resource to support frail elderly persons living in private RCHEs participating in the EBPS who have been medically assessed to be in need of infirmary care. ICS is intended to be an allowance for existing staff (including physiotherapists, occupational therapists, nurses, health workers, care workers and workmen) or for the employment of qualified staff, including the purchase of professional services.

As at the Latest Practicable Date, seven of our care and attention homes were receiving ICS from the HK Government.

REGULATIONS OF PHYSIOTHERAPISTS

Supplementary Medical Professions Ordinance

Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong) (the "**SMPO**") defines "profession" as "any profession specified in the second column in the Schedule". Under the said Schedule, a physiotherapist is defined as "a person trained to assess and treat physical disabilities by means of remedial exercises, manual therapy and mechanical, thermal or electrical energy".

There is a Physiotherapists Board established under the SMPO. The Physiotherapists Board maintains a register of eligible physiotherapists, issues practising certificate, issues guidance of professional code and conduct, and exercises regulatory and disciplinary powers for the profession.

All practising physiotherapists in Hong Kong are required to be registered with the Physiotherapists Board and be holders of practising certificates.

Section 20 of the SMPO allows companies to carry on the profession as physiotherapists by way of trade or business.

Physiotherapists (Registration and Disciplinary Procedure) Regulation

The Register kept by the Physiotherapists Board is divided into Part Ia, Part Ib and Part II in accordance with the recognised experience (as defined in the Physiotherapists (Registration and Disciplinary Procedure) Regulation (Chapter 359J of the Laws of Hong Kong (the "**P(RDP)R**")) of the physiotherapist. Physiotherapists registered in Part Ia and Part Ib are not required to practise under supervision while physiotherapists registered under Part II shall only practise under the supervision of a Part Ia physiotherapist.

To register with the Physiotherapists Board as a "physiotherapist" under the P(RDP)R, a person should, among other things, hold:

- a bachelor in physiotherapy awarded by the Hong Kong Polytechnic University;

- a professional diploma in physiotherapy issued by the Hong Kong Polytechnic on or before 1 January 1995;

- a certificate issued by the Hong Kong Government School of Physiotherapy of the Medical and Health Department on or before 1 January 1981; or

- a certificate from the Physiotherapists Board after he/she has passed an examination relating to physiotherapy.

In order to provide better service to our residents, our Group employed registered physiotherapists to provide physiotherapy services at our care and attention homes. As at the Latest Practicable Date, we employed two registered physiotherapists. During the Track Record Period, all physiotherapists of our professional team were included in the Register as Part Ia and Part Ib physiotherapists and were holders of practising certificates issued by the Physiotherapists Board.

Code of Practice of the Physiotherapists Board of Hong Kong for the Guidance of Registered Physiotherapists

All registered physiotherapists in Hong Kong have to comply with the Code of Practice of the Physiotherapists Board of Hong Kong for the Guidance of Registered Physiotherapists issued by the Physiotherapists Board (as may be amended from time to time) which governs, among other things, the following aspects:

- regulations in relation to disregard of professional responsibilities towards patients, abuse of professional position for improper association or commit adultery and abuse of professional confidence;
- professional communication and information dissemination;
- prohibitions on depreciation of other physiotherapists, canvassing, misleading and unapproved descriptions and announcements, improper financial transactions and covering improper delegation of therapeutic duties to unregistered persons;
- regulations in relation to relationships with the medical and other health professions;
- criminal conviction and disciplinary proceedings of physiotherapists; and
- maintenance of professional competence.

Contravention of the above Code of Practice may render a registered physiotherapist liable to disciplinary action by the Physiotherapists Board.

All physiotherapists of our professional team are registered physiotherapists and are therefore required to comply with the above Code of Practice.

Our Directors are not aware of our physiotherapists being involved in (a) any disciplinary actions, investigations or other similar actions by the Physiotherapists Board or other professional and regulatory bodies in Hong Kong in relation to their practice with our Group during the Track Record Period; or (b) any actual, pending or threatened litigation or claims against or associated with their physiotherapy practice. Our Directors also confirm that our physiotherapists were in compliance with the above Code of Practice during the Track Record Period and up to the Latest Practicable Date.

REGULATIONS OF REGISTERED NURSES AND ENROLLED NURSES

Nurses Registration Ordinance

Nursing Council of Hong Kong is established under section 3 of the NRO and all practicing nurses in Hong Kong are required to be registered or enrolled with the Nursing Council of Hong Kong.

To register with the Nursing Council of Hong Kong as a "registered nurse" under the NRO, a person should, among other things:

- have attained the minimum age of 21 years;

- be of good character;
- have completed such training as may be prescribed and have passed such examinations as may be required by the Nursing Council of Hong Kong, or possess a valid certificate to practise nursing issued by such certifying body as may be recognised by the Nursing Council of Hong Kong from time to time as constituting sufficient evidence of his/her competency to practise nursing;
- not have been convicted of an offence punishable with imprisonment; and
- not have been guilty of unprofessional conduct.

To enroll with the Nursing Council of Hong Kong as an "enrolled nurse" under the NRO, a person should, among other things:

- have attained the minimum age of 20 years;
- be of good character;
- have completed such training as may be prescribed and have passed such examinations as may be required by the Nursing Council of Hong Kong, or possess a valid certificate to practise nursing issued by such certifying body as may be recognised by the Nursing Council of Hong Kong from time to time as constituting sufficient evidence of his/her competency to practise nursing;
- not have been convicted of an offence punishable with imprisonment; and
- not have been guilty of unprofessional conduct.

A person shall not practise as a registered nurse or enrolled nurse in Hong Kong unless he/she is the holder of a practising certificate which is then in force issued by the Nursing Council of Hong Kong. The practising certificate will be in force for a period of three years commencing on 1 January and will need to be renewed every three years.

Code of Ethics and Professional Conduct for Nurses in Hong Kong

All registered nurses and enrolled nurses in Hong Kong have to comply with the Code of Ethics and Professional Conduct for Nurses in Hong Kong issued by the Nursing Council of Hong Kong (as may be amended from time to time) which covers, among other things, the following aspects:

- respect the dignity, uniqueness, values, culture and beliefs of individuals and their families;
- safeguard individual's right to self-determination;
- hold in confidence personal information obtained in a professional capacity;
- provide safe and competence practice;
- maintain the standard of professional practice;

- collaborate with colleagues/co-workers/stakeholders to meet the goal of quality care;
- uphold the image of nurses and the profession;
- foster the trust that is inherent in the privileged relationship between nurses and their clients;
- commit to promote professional growth and advancement;
- promote community health and wellbeing through partnership; and
- ensure that health care resources are allocated in a fair and equitable manner.

Contravention of the above Code of Ethics and Professional Conduct for Nurses in Hong Kong may render a registered nurse or enrolled nurse liable to disciplinary action by the Nursing Council of Hong Kong.

As explained in "Regulations in relation to the Operation of Residential Care Homes for the Elderly" in this section, we are required under the RCH(EP)R to employ registered nurses or enrolled nurses. As at the Latest Practicable Date, we employed 21 registered nurses and 51 enrolled nurses. The registered nurses and enrolled nurses employed are mainly responsible for providing custodial care and assistance to our residents, such as monitoring their health conditions and assisting them in their daily activities and personal care.

During the Track Record Period, registered nurses and enrolled nurses employed by our Group were duly registered or enrolled with the Nursing Council of Hong Kong and were holders of valid practising certificates. Our Directors confirm that the registered nurses and enrolled nurses of our Group were in compliance with the Code of Ethics and Professional Conduct for Nurses in Hong Kong during the Track Record Period. Our Directors are not aware of our registered nurses or enrolled nurses being involved in any offences, disciplinary actions, non-compliance incidents, medical negligence incidents, litigation, claims or investigations which arise from their duty as nurses in our Group during the Track Record Period.

REGULATIONS IN RELATION TO BUILDING SAFETY AND FIRE SAFETY

Building safety and fire safety in buildings

The Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) ("**BO**") and its subsidiary legislations provide for, among other things, the planning, design and construction of buildings and associated works and to make provision for regular inspections of buildings and the associated repairs to prevent the buildings from becoming unsafe.

In particular, the following subsidiary legislations of the BO are applicable to the design, construction and maintenance of RCHEs:

- Building (Planning) Regulations (Chapter 123F of the Laws of Hong Kong);

- Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations (Chapter 123I of the Laws of Hong Kong);
- Building (Ventilating Systems) Regulations (Chapter 123J of the Laws of Hong Kong); and
- Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong).

RCHEs are also subject to the Code of Practice for Fire Safety in Buildings issued by the Buildings Department, which provides for the performance requirements as well as prescriptive requirements for achieving an adequate level of fire safety in buildings.

Save as disclosed in this prospectus, our Directors are not aware of (a) our care and attention homes being involved in any material non-compliance with the Buildings Ordinance, its subsidiary legislations and the Code of Practice for Fire Safety in Buildings during the Track Record Period; or (b) any prosecution actions being taken by or pending from the Buildings Department during the Track Record Period and up to the Latest Practicable Date.

Fire service installations and equipment

The requirements and specifications on fire service installations and equipment to be provided for RCHE must be based upon the Codes of Practice for Minimum Fire Service Installations and Equipment and Inspection, Testing and Maintenance of Installations and Equipment issued by the Fire Services Department from time to time.

All fire service installations and equipment installed in a RCHE shall be maintained in efficient working order at all times and inspected by a registered fire service installation contractor at least once every 12 months in accordance with the Fire Service (Installations and Equipment) Regulation (Chapter 95B of the Laws of Hong Kong).

Our Directors are not aware of (a) our care and attention homes being involved in any material non-compliance with the Codes of Practice for Minimum Fire Service Installations and Equipment and Inspection, Testing and Maintenance of Installations and Equipment and the Fire Service (Installations and Equipment) Regulation during the Track Record Period; or (b) any prosecution actions being taken by or pending from the Fire Services Department during the Track Record Period and up to the Latest Practicable Date, in relation to the fire service installations and equipment in our care and attention homes.

REGULATIONS IN RELATION TO LABOUR

Apart from the labour laws and regulations which are generally applicable to all employers in Hong Kong, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and their respective subsidiary legislations, our Group is subject to the applicable laws and regulations in relation to employment of imported workers.

Immigration Ordinance

Under the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong), a person requires a visa/entry permit to work in Hong Kong unless the person has the right of abode or right to land in Hong Kong. Section 17I of the Immigration Ordinance provides that any person who is the employer of an employee who is not lawfully employable commits an offence and is liable to a fine of $350,000 and to imprisonment for three years.

Supplementary Labour Scheme

The Supplementary Labour Scheme ("**SLS**") allows employers with genuine difficulties in finding suitable staff locally to import workers at technician level or below. However, to ensure the priority of local workers in employment and to safeguard their salaries and benefits, employers must accord priority to fill available job vacancies with local workers and make active efforts to train up local workers for the vacancies. The SLS operates on two cardinal principles:

- local workers must be given priority in filling job vacancies available in the job market; and

- employers who are genuinely unable to recruit local workers to fill their job vacancies can be allowed to import workers.

Safeguards have been in place under the SLS to ensure that employers do provide job offers to local workers first before their applications for imported workers will be processed further. Sanctions will also be taken by the Government against unscrupulous employers who are found to have breached the conditions of the SLS.

Imported workers under the SLS are required to be paid at least median monthly wages of local workers in comparable positions and be accorded no less favourable treatment as that enjoyed by local workers under the labour laws. The amount of wages offered must be in compliance with the statutory minimum wage requirements. They are only allowed to work for the employers and in the positions, and for the duration of employment as stipulated under their employment contracts, and they must return to their place of origin on expiry of their contracts.

Under the SLS, the approval granted to an employer to import workers would not be automatically renewed. An employer who wishes to continue employing imported workers upon the expiry of their contracts are required to submit an application afresh to the Labour Department, and the application will be considered on its own merits.

There are no industry-specific quotas under the SLS. All applications are considered on a case-by-case basis. To ensure priority of employment to local workers, each application has to go through the newspaper advertising procedure, a mandatory local recruitment period at the Labour Department, and the arrangement of tailor-made retraining courses by the Employees Retraining Board if appropriate. The SLS is being monitored by the Labour Advisory Board in that each application is to be considered by the Board before it is submitted to the Government for approval or otherwise.

Successful employers are required to pay a levy that goes to the Employees Retraining Board to provide training for local workers. The levy payable in a lump sum in respect of each imported worker is HK$400 multiplied by the number of months covered by the employment contract up to a maximum of 24 months. It will be collected after the approval for importing workers and before the issue of visa/entry permit as directed by the Director of Immigration. The levy is not refundable under any circumstances.

As at the Latest Practicable Date, our Group employed 36 imported workers through the SLS. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, all of the imported workers employed by our Group had valid visa/entry permit to work in Hong Kong and none of the conditions imposed by the Labour Department under the SLS had been breached.

REGULATIONS ON DRUGS

Dangerous Drugs Ordinance

The Dangerous Drugs Ordinance (Chapter 134 of the Laws of Hong Kong) (the "**DDO**") regulates the import, export, procuring, supply, dealing in or with, manufacture and possession of drugs or substances which are classified as dangerous drugs under the DDO.

Dangerous drugs are not allowed to be supplied to any person except to a person authorised or licensed to be in possession of such drugs in accordance with the DDO. However, the DDO provides that a person to whom a dangerous drug is lawfully prescribed by a registered medical practitioner is authorised to be in possession of such dangerous drugs. During the course of the operation of our care and attention homes, we keep the medicines prescribed by registered medical practitioners (which may include dangerous drugs) for our residents for the purpose of centralised storage and distribution. We are therefore in possession of the prescribed dangerous drugs and subject to the DDO. As advised by our Legal Counsel, there is no non-compliance under the DDO arising from such practice.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, none of the members of our Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to, the DDO.

REGULATIONS ON CHEMICAL AND CLINICAL WASTE DISPOSAL

Waste Disposal Ordinance and its subsidiary legislations

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (the "**WDO**"), the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) (the "**Chemical Waste Regulation**") and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) (the "**Clinical Waste Regulation**") provide for, among other things, the control and regulation of the production, storage, collection and disposal of chemical waste and clinical waste.

Chemical waste

Under the WDO and the Chemical Waste Regulation, chemical waste means any substance or thing being:

- scrap material;
- effluent; or
- an unwanted substance or by-product arising from the application of or in the course of any process or trade activity,

and which is or contains any substance or chemical specified in Schedule 1 to the Chemical Waste Regulation, including anti-biotics, dangerous drugs (as defined in the Dangerous Drugs Ordinance (Chapter 134 of the Laws of Hong Kong)) and poison (as defined in the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong)), if such substance or chemical occurs in such form, quantity and concentration so as to cause pollution or constitute a danger to health or risk of pollution to the environment.

The Chemical Waste Regulation requires all chemical waste producers to be registered with the Director of Environmental Protection. Chemical waste producers shall arrange for their chemical waste to be properly disposed of. Chemical waste producers comply with this duty if they cause or arrange for any chemical waste produced by them or in their possession to be delivered by a licensed chemical waste collector to a reception point or to be disposed of at a licensed chemical waste disposal site or premises according to the requirements specified in the Chemical Waste Regulation.

Chemical waste producers are required by the Chemical Waste Regulation to store the chemical waste produced by them properly stored in containers that are (i) suitable, having regard to the nature of; and (ii) resistant to corrosion or any other damage that can be caused by, the chemical waste to be stored in it and, maintained in good condition and repair and free from corrosion, contamination or any other defect which may impair its performance, until such chemical waste is properly disposed of. The containers of chemical waste must been properly labelled and stored in accordance with the Chemical Waste Regulation.

The Chemical Waste Regulation also requires chemical waste producers to record the particulars of the chemical waste on a trip-ticket before consigning the chemical waste to licenced chemical waste collectors for delivery to the reception point. The receipt of a properly completed trip-ticket is a condition for acceptance of the chemical waste. Chemical waste producers are required to keep copies of the trip-tickets as records of the consignment for at least 12 months following the consignment of the chemical waste.

As we may dispose of unused or expired drugs of our residents from time to time, our operation is subject to WDO and the Chemical Waste Regulation in respect of the production, storage, collection and disposal of chemical wastes.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, all of our care and attention homes had been registered with the Director of Environmental Protection as chemical waste producers, and none of the members of our

Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to the production, storage, collection and disposal of chemical wastes under the WDO and the Chemical Waste Regulation.

Clinical waste

Under the WDO, clinical waste means waste consisting of any substance, matter or thing generated in connection with:

- a dental, medical, nursing or veterinary practice;
- any other practice, or establishment (howsoever described), that provides medical care and services for the sick, injured, infirm or those who require medical treatment;
- dental, medical, nursing, veterinary, pathological or pharmaceutical research; or
- a dental, medical, veterinary or pathological laboratory practice,

and which consists wholly or partly of any of the materials specified in one or more of the groups listed below:

- used or contaminated sharps;
- laboratory waste;
- human and animal tissues;
- infectious materials;
- dressings; and
- such other wastes as specified by the Director of Environmental Protection.

The Clinical Waste Regulation requires all clinical waste producers to arrange for their clinical waste to be properly disposed of. Clinical waste producers comply with this duty if they consign the clinical waste to a licensed clinical waste collector or arrange for the clinical waste to be delivered to a collection point or licensed clinical waste disposal facility according to the requirements specified in the Clinical Waste Regulation. The Clinical Waste Regulation also requires clinical waste producers to keep records of the clinical waste consigned to licensed clinical waste collectors or delivered to a collection point or licensed disposal facility, and to produce such records for inspection upon request by the Director of Environmental Protection.

A Code of Practice for the Management of Clinical Waste — Small Clinical Waste Producers (the "**Clinical Waste Code of Practice**") has been published by the Secretary for the Environment under the WDO to provide guidance to small clinical waste producers to assist them to comply with the legal requirements of the WDO and the Clinical Waste Regulation. RCHEs are classified as small clinical waste producers under the Clinical Waste Code of Practice.

As the services provided by our centres may produce used or contaminated sharps such as syringes and needles as well as dressings, our operation is subject to the WDO, the Clinical Waste Regulation and the Clinical Waste Code of Practice in respect of the production, storage, collection and disposal of clinical waste.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, none of the members of our Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to the production, storage, collection and disposal of clinical waste under the WDO and the Clinical Waste Regulation.

APPROVAL FOR THE LISTING

Save for the approval from the Stock Exchange, there is no other regulatory approval required for the Listing which has not been obtained. We have obtained the relevant Shareholders' approvals for the Listing. See "Statutory and General Information — A. Further information about our Company — Written resolutions of our sole Shareholder passed on 23 January 2017" in Appendix V to this prospectus for details of the Shareholders' approval.

OUR BUSINESS HISTORY AND DEVELOPMENT

The history of our Group can be traced back to 1989 when Mr. Elson Yim and Mr. Alex Ng, both of whom are our Controlling Shareholders, established Pine Care Centre, our first care and attention home under the brand name of "Pine Care Group" in Kwun Tong, Hong Kong. Ms. Mona Cho, one of our Controlling Shareholders, joined our Group in 1994 and was primarily responsible for the administration affairs of our Group. Mr. Elson Yim and Ms. Mona Cho are also our executive Directors and Mr. Alex Ng is also our non-executive Director.

In 1996, we opened our second care and attention home, Tsz Wan Shan Pine Care Elderly Home, located at Shop 1A-7A, L/G, 145–151 Po Kwong Village Road, Shop 1–11 M/F, 2 Po Ying Lane, Che Wah Building, Kowloon. In 1998, we further opened our third care and attention home, New Pine Care Centre ("**Previous New Pine Care Centre**"), located at Entrance on G/F, whole of 1/F & Portion of 2/F Yee on Court, 79E Waterloo Road.

In 1999, capitalising on the Hong Kong Government's initiative to shorten the waiting time for a place in a subsidised RCHE and to upgrade the quality of private RCHEs, our Group began to participate in the Enhanced Bought Place Scheme initially through Pine Care Centre and the Previous New Pine Care Centre.

In the 2000's, we focused our attention to the importance of management efficiency and provision of high standard of services and our efforts have since been recognised by accreditation organisations. Since 2002, our care and attention homes have been certified with ISO 9001 Quality management certification on design and provision of residential care services for the elderly. In addition, our care and attention homes have been accredited with the Residential Aged Care Accreditation Scheme of Hong Kong Association of Gerontology since 2010.

Under the leadership of Mr. Elson Yim, Mr. Alex Ng and our other executive Directors, our business has expanded from one care and attention home with approximately 100 residential care places in Kwun Tong, Hong Kong in 1989 to a network of nine care and attention homes with 1,218 residential care places operating across five districts in Hong Kong as at the Latest Practicable Date.

Business milestones

Year	Event
1989	Opening of Pine Care Centre, our first care and attention home under the brand name of "Pine Care Group" in Kwun Tong, Hong Kong
1996	Opening of Tsz Wan Shan Pine Care Elderly Home
1998	Opening of Previous New Pine Care Centre
1999	Opening of Pinecrest Elderly Centre
1999	Began participation in the Enhanced Bought Place Scheme
2001	Establishment of our quality assurance monitoring committee

Year	Event
2002	Obtained certification of our care and attention homes with ISO 9001 Quailty management certification on design and provision of residential care services for the elderly
2003	Opening of Pine Care (Manning) Elderly Centre
2006	Opening of Pine Care Hong Fai Elderly Centre (formerly known as Hong Fai Elderly Centre)
2009	Our Group was awarded the Silver Award of Hong Kong Outstanding Residential Care Homes Award
2010	Obtained accreditation with the Residential Aged Care Accreditation Scheme of Hong Kong Association of Gerontology
2010	Acquisition of Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre
2010	Relocation of the operations of Previous New Pine Care Centre to the current (i) New Pine Care Centre; and (ii) Pine Care (Lee Foo) Elderly Centre
2012	Relocation of the operations of Tsz Wan Shan Pine Care Elderly Home to Pine Care (Tak Fung) Elderly Centre
2016	Our Group had a total of nine care and attention homes with 1,218 residential care places as at the Latest Practicable Date. In addition, our Group entered into the Pine Care Place Tenancy Agreement in respect of the Pine Care Place Development Plan

OUR CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 18 August 2015. Pursuant to the Reorganisation as more particularly described in "Reorganisation" in this section, our Company has become the holding company of our Group for the purpose of the Listing and, through Pine Care Health and Prime Health, holds the entire interest in our operating subsidiaries.

Our subsidiaries

Immediately prior to the Reorganisation, we had 13 operating subsidiaries in relation to our principal business, comprising seven subsidiaries with RCHE licences and six subsidiaries holding properties for our operations, which were directly or indirectly held by Prime Health.

Set out below is a brief summary of certain corporate information in respect of our (i) licence-holding subsidiaries; (ii) subsidiaries holding properties for our operations; and (iii) other subsidiaries prior to the Reorganisation.

(i) Licence-holding subsidiaries

All of our wholly-owned subsidiaries with RCHE licences are companies incorporated in Hong Kong with limited liability. Set out below is a brief summary of our licence-holding subsidiaries prior to the Reorganisation:

Name of company	Date of incorporation	Issued share capital	Care and attention home for which the company held the licence	Percentage of beneficial shareholding attributable to our Group
Pine Care Centre	9 July 1982	HK$107,000	Pine Care Centre	100.0% *(Note)*
Pacific First	9 November 1995	HK$1,070	Pine Care (Tak Fung) Elderly Centre	100.0% *(Note)*
Besting Holdings	18 March 1998	HK$120,000	(i) New Pine Care Centre; and (ii) Pine Care (Lee Foo) Elderly Centre	100.0% *(Note)*
Hinta Enterprises	19 July 1994	HK$10,000	Pinecrest Elderly Centre	100.0% *(Note)*
Fitbest	3 November 2000	HK$500,000	Pine Care (Manning) Elderly Centre	100.0% *(Note)*
Masswell Development	8 September 2004	HK$10,000	Pine Care Hong Fai Elderly Centre	100.0%
Gericare Centre	6 June 1997	HK$100	(i) Pine Care (Po Tak) Elderly Centre; and (ii) Pine Care (Po Tak Branch) Elderly Centre	100.0%

Note:

This licence-holding subsidiary was 100% beneficially owned by Pine Care Elderly Home. Prior to the completion of the Reorganisation, Mr. Elson Yim held one ordinary share in this subsidiary on trust for Pine Care Elderly Home, the other corporate shareholder of this subsidiary. See "Reorganisation — Reorganisation steps — Transfer of shares in certain subsidiaries of Prime Health" in this section for details of such trust arrangement.

(ii) Subsidiaries holding properties for our operations

Our wholly-owned subsidiaries holding properties for our operations are companies incorporated in Hong Kong with limited liability. Set out below is a brief summary of our subsidiaries holding properties for our operations prior to the Reorganisation:

Name of company	Date of incorporation	Issued share capital	Properties held	Care and attention home situated at the properties	Percentage of beneficial shareholding attributable to our Group
Fitgarden	3 September 1987	HK$2,500,000	Tak Fung Property 1	Pine Care (Tak Fung) Elderly Centre	100.0% *(Note 1)*
Mainfield	28 November 1996	HK$2	Tak Fung Property 2	Pine Care (Tak Fung) Elderly Centre	100.0% *(Note 1)*
Chun Fai.	10 December 1985	HK$100,000	Pinecrest Property	Pinecrest Elderly Centre	100.0% *(Note 1)*
Grant Smart	28 February 2000	HK$10,000	Manning Property *(Note 2)*	Pine Care (Manning) Elderly Centre	100.0% *(Note 1)*
Wellfield Properties .	23 September 2005	HK$10,000	Hong Fai Property	Pine Care Hong Fai Elderly Centre	100.0% *(Note 1)*
Ruby International . .	9 April 1997	HK$5 *(Note 3)*	Po Tak Property *(Note 4)*	Pine Care (Po Tak) Elderly Centre	100.0%

Notes:

(1) This subsidiary holding properties for our operations was 100% beneficially owned by Prime Health. Prior to completion of the Reorganisation, Mr. Elson Yim held one ordinary share in this subsidiary on trust for Prime Health, the other corporate shareholder of this subsidiary. See "Reorganisation — Reorganisation steps — Transfer of shares in certain subsidiaries of Prime Health" in this section for details of such trust arrangement.

(2) In addition to the Manning Property, prior to completion of the Reorganisation, Grant Smart also held two residential properties for investment purposes, which were disposed of on 3 October 2016 as part of the Reorganisation. See "Reorganisation — Reorganisation steps — Disposal of Giant Success to Pine Active Care and disposal of the Excluded Properties to Giant Success" for details of the disposals.

(3) The share capital of Ruby International was divided into two classes of shares comprising: (i) ordinary shares (the issued share capital of which was HK$2) and (ii) non-voting deferred shares (the issued share capital of which was HK$3).

(4) Flat C on 3rd Floor of the Po Tak Property has been used and is expected to continue to be used by our Group as staff dormitory for the staff of Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre.

(iii) Other subsidiaries

Apart from the above subsidiaries, we also held the following eight subsidiaries prior to the Reorganisation:

Name of company	Date of incorporation	Place of incorporation	Issued share capital	Percentage of beneficial shareholding attributable to our Group	Principal activity
Pine Care Elderly Home	16 February 2001	Hong Kong	HK$40,000,000	100.0% *(Note 1)*	Investment holding and management of trademarks *(Note 2)*
Grand Prosper . . .	7 April 2010	BVI	US$3	100.0%	Investment holding
Giant Success. . . .	27 June 2005	Hong Kong	HK$1,000	100.0%	Property holding
Fully Trend	24 October 2007	Hong Kong	HK$10,000	100.0%	Property holding
Witmart Design . .	16 March 1993	Hong Kong	HK$2	100.0% *(Note 3)*	Provision of repair and maintenance services to our Group
Best Luck	16 February 2000	Hong Kong	HK$10,000	100.0% *(Note 4)*	Operation and management of a medical clinic
Added Twist	30 March 2005	Hong Kong	HK$10,000	100.0%	Operation and management of a Chinese medical clinic
Manchester Rehabilitation .	30 March 2011	Hong Kong	HK$1	100.0%	Operation and management of a physiotherapy clinic and provision of physiotherapy services to our Group

Notes:

(1) Pine Care Elderly Home was 100% beneficially owned by Prime Health. Prior to completion of the Reorganisation. Mr. Elson Yim held one ordinary share in Pine Care Elderly Home on trust for Prime Health, the other corporate shareholder of Pine Care Elderly Home. See "Reorganisation — Reorganisation steps — Transfer of shares in certain subsidiaries of Prime Health" in this section for details of such trust arrangement.

(2) Pine Care Elderly Home owns a number of our Group's trademarks, see "Statutory and General Information — B. Further Information about the Business of our Group — 2. Intellectual property rights" in Appendix V to this prospectus for further details.

(3) Witmart Design was 100% beneficially owned by Pime Care Centre. Prior to completion of the Reorganisation, Mr. Elson Yim held one ordinary share in Witmart Design on trust for Pine Care Centre, the other corporate shareholder of Witmart Design. See "Reorganisation — Reorganisation steps — Transfer of shares in certain subsidiaries of Prime Health" in this section for details of such trust arrangement.

(4) Best Luck was 100% beneficially owned by Besting Holdings. Prior to completion of the Reorganisation, Mr. Elson Yim held one ordinary share in Best Luck on trust for Besting Holdings, the other corporate shareholder of Best Luck. See "Reorganisation — Reorganisation steps — Transfer of shares in certain subsidiaries of Prime Health" in this section for details of such trust arrangement.

Acquisition before the Reorganisation

On 1 April 2013, Pine Care Elderly Home acquired one ordinary share in Manchester Rehabilitation, representing the entire issued share capital of Manchester Rehabilitation, from Ms. Leu for a consideration of HK$1, which was determined with reference to the total net assets of Manchester Rehabilitation and the revenue model of Manchester Rehabilitation. At the time of the acquisition, Manchester Rehabilitation was principally engaged in the business of operation and management of a physiotherapy clinic and provision of physiotherapy services. Such acquisition was properly and legally completed and settled on 3 September 2014.

Currently, our Group, through Manchester Rehabilitation, provides physiotherapy services to the residents at our care and attention homes and to walk-in individual customers at a physiotherapy clinic operated by Manchester Rehabilitation.

Save as disclosed above and save for those acquisitions and disposals which took place as part of the Reorganisation, our Directors confirm that our Group had not completed any other acquisitions or disposals during the Track Record Period and up to the Latest Practicable Date.

CONTROLLING SHAREHOLDERS

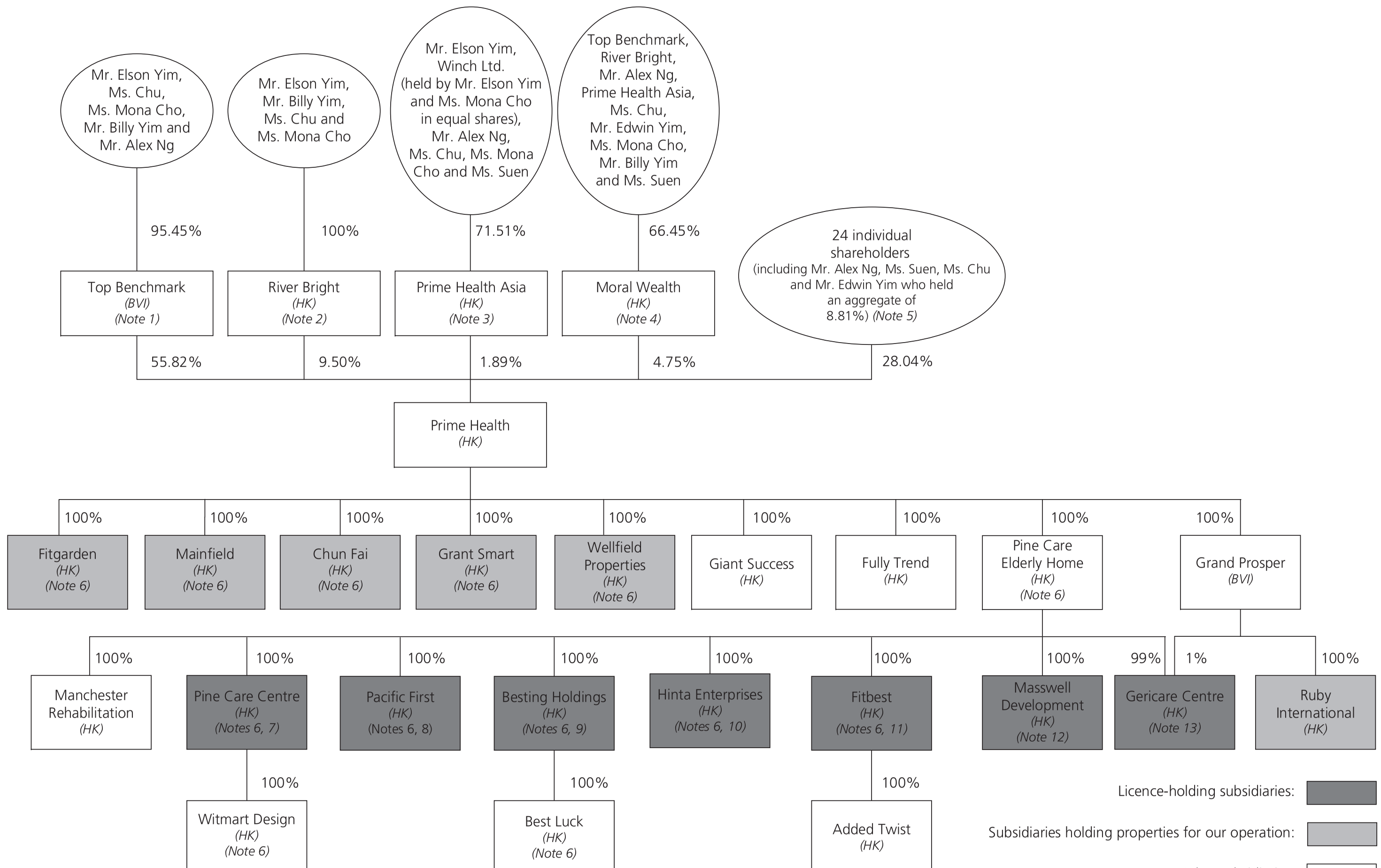
Immediately before the Reorganisation, Prime Health, the holding company of our subsidiaries, was controlled by a group of seven Controlling Shareholders, namely Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Mr. Billy Yim, Mr. Edwin Yim, Ms. Chu and Ms. Suen. For details of the effective shareholding of the Controlling Shareholders in Prime Health, see "Reorganisation — Overview — Effective shareholding in Prime Health and our Company" in this section.

In addition, Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho (all of whom are our Controlling Shareholders) entered into the Acting In Concert Confirmation And Undertaking on 7 September 2016, and they are accordingly parties acting in concert. See "Relationship with Controlling Shareholders — Acting In Concert Confirmation And Undertaking" for details of the Acting In Concert Confirmation And Undertaking.

In addition, each of Pine Active Care, Silverage Pine Care and Silverage Pillar is also regarded as our Controlling Shareholder. See "Relationship with Controlling Shareholders — Overview" of this prospectus for details.

REORGANISATION

Our Group underwent the Reorganisation in preparation for the Listing. The following chart sets forth our Group's shareholding and corporate structure immediately before the Reorganisation:



Notes:

(1) See "Overview — Shareholdings in Top Benchmark" below for details of the shareholding structure of Top Benchmark Limited ("**Top Benchmark**").

(2) See "Overview — Shareholdings in River Bright" below for details of the shareholding structure of River Bright Limited ("**River Bright**").

(3) See "Overview — Shareholdings in Prime Health Asia" below for details of the shareholding structure of Prime Health (Asia) Limited ("**Prime Health Asia**").

(4) See "Overview — Shareholdings in Moral Wealth" below for details of the shareholding structure of Moral Wealth Development Limited ("**Moral Wealth**").

(5) See "Overview — Individual shareholders of Prime Health" below for details of the individual shareholders of Prime Health.

(6) This subsidiary was 100% beneficially owned by its holding company. Prior to completion of the Reorganisation, Mr. Elson Yim held one ordinary share in this subsidiary on trust for the holding company of this subsidiary. See "Reorganisation — Reorganisation steps — Transfer of shares in certain subsidiaries of Prime Health" in this section for details of such trust arrangement.

(7) Pine Care Centre is the licence holder of Pine Care Centre, the operating address of which is at Shop B6-B14, C5-C7, C11-C15, G/F, Shui Ning House, 24–50 Shui Ning Street, Kwun Tong, Kowloon. The premises used for Pine Care Centre were leased to Pine Care Centre by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care Centre.

(8) Pacific First is the licence holder of Pine Care (Tak Fung) Elderly Centre, the operating address of which is at Shops 89 & 91, G/F, 1/F, 2/F and Portion of 3/F, Tak Fung Building, 85–91 Lai Chi Kok Road, Kowloon. The ground floor, first and second floors of the premises used for Pine Care (Tak Fung) Elderly Centre were leased to Pacific First by Fitgarden and Mainfield respectively, whereas the portion of the third floor of the premises was leased to Pacific First by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care (Tak Fung) Elderly Centre.

(9) Besting Holdings is the licence holder of (i) New Pine Care Centre, the operating address of which is at Portion of G/F, 1/F, 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate & F20–F22 on 3/F, Lee Foo House, Shun Lee Estate, Kowloon, and (ii) Pine Care (Lee Foo) Elderly Centre, the operating address of which is at 101–108, 1/F Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon. Both premises used for New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre were leased to Besting Holdings by an Independent Third Party. See "Business — Our care and attention homes" for details of New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre.

(10) Hinta Enterprises is the licence holder of Pinecrest Elderly Centre, the operating address of which is at G/F, No. 36, Tung Ming Street and 1/F, No. 63 Hong Ning Road, Kwun Tong, Kowloon. The premises used for Pinecrest Elderly Centre were leased to Hinta Enterprises by Chun Fai. See "Business — Our care and attention homes" for details of Pinecrest Elderly Centre.

(11) Fitbest is the licence holder of Pine Care (Manning) Elderly Centre, the operating address of which is at G/F-3/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon. The premises used for Pine Care (Manning) Elderly Centre were leased to Fitbest by Grant Smart. See "Business — Our care and attention homes" for details of Pine Care (Manning) Elderly Centre.

(12) Masswell Development is the licence holder of Pine Care Hong Fai Elderly Centre, the operating address of which is at Portion of G/F, whole of 1/F–3/F, 143–145 Shaukeiwan Road, Hong Kong. The premises used for Pine Care Hong Fai Elderly Centre were leased to Masswell Development by Wellfield Properties. See "Business — Our care and attention homes" for details of Pine Care Hong Fai Elderly Centre.

(13) Gericare Centre is the licence holder of (i) Pine Care (Po Tak) Elderly Centre, the operating address of which is at Shop 10 G/F, 1/F & 2/F, Win Fong Heights, 180 Hing Fong Road, Kwai Chung, New Territories, and (ii) Pine Care (Po Tak Branch) Elderly Centre, the operating address of which is at Shop H on G/F, 1/F–4/F, 41–43 Shing Fong Street, 204 Hing Fong Road and 31–35, 37, 39–41, Ko Fong Street, Kwai Chung, New Territories. The premises used for Pine Care (Po Tak) Elderly Centre were leased to Gericare Centre by Ruby International, whereas the premises used for Pine Care (Po Tak Branch) Elderly Centre were leased to Gericare Centre by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre.

Overview

Immediately before the Reorganisation, the holding company of our subsidiaries was Prime Health, which was held as to 55.82% by Top Benchmark, 9.50% by River Bright, 1.89% by Prime Health Asia, 4.75% by Moral Wealth and an aggregate of 28.04% by 24 individual shareholders.

Shareholdings in Top Benchmark

Immediately before the Reorganisation, Top Benchmark was owned as to 68.64% by Mr. Elson Yim, 7.66% by Ms. Mona Cho, 4.26% by Mr. Alex Ng, 6.38% by Mr. Billy Yim, 8.51% by Ms. Chu, 4.26% by Mr. Yim Michael Pui Hei ("**Mr. Michael Yim**") who is a son of Mr. Elson Yim and Ms. Mona Cho, and brother of Mr. Billy Yim and Mr. Edwin Yim, 0.21% by one of our employees and 0.08% by an Independent Third Party.

Shareholdings in River Bright

Immediately before the Reorganisation, River Bright was owned as to 54.00% by Mr. Elson Yim, 12.50% by Ms. Mona Cho, 20.00% by Mr. Billy Yim and 13.50% by Ms. Chu.

Shareholdings in Prime Health Asia

Immediately before the Reorganisation, the shareholding of Prime Health Asia was as follows:

Name of shareholder	Shareholding percentage (approximately) %
Our Directors	
Mr. Elson Yim	39.00
Mr. Alex Ng	11.10
Ms. Mona Cho	4.72
Mr. Lam Yat Hon ("**Mr. Lam**")	3.61
Mr. Ma Wing Wah ("**Mr. Ma**")	0.76
Directors of our subsidiaries	
Ms. Chu	5.56
Mr. Shek Kam Ming ("**Mr. Shek**")	2.89
Dr. Ho Chi Tim ("**Dr. Ho**")	0.78
Associates of the aforesaid persons	
Ms. See Sau Lai *(Note 1)*	5.81
Mr. Yim Wah *(Note 2)*	4.61
Winch Limited *(Note 3)*	10.82
Ms. Suen	0.31
Ms. Choi Pui Wan Connie *(Note 4)*	2.39
Mr. Ng Chun Kwok *(Note 5)*	0.94
Mrs. Ma Chan Chui Kin Claudia *(Note 6)*	0.33
Mr. Yim Ting Chung *(Note 7)*	0.07
Our employees (total: 2)	1.83
Independent Third Parties (total: 9)	4.47
Total	100.00

Notes:

(1) Ms. See Sau Lai ("**Ms. See**") is a sister-in-law of Mr. Elson Yim and the spouse of Mr. Yim Wah.

(2) Mr. Yim Wah is a brother of Mr. Elson Yim and the spouse of Ms. See.

(3) Winch Limited was jointly owned by Mr. Elson Yim and Ms. Mona Cho in equal shares.

(4) Ms. Choi Pui Wan Connie ("**Ms. Choi**") is the spouse of Mr. Shek.

(5) Mr. Ng Chun Kwok is the brother-in-law of Ms. Mona Cho.

(6) Mrs. Ma Chan Chui Kin Claudia ("**Mrs. Ma**") is the spouse of Mr. Ma.

(7) Mr. Yim Ting Chung is a brother of Mr. Elson Yim.

Shareholdings in Moral Wealth

Immediately before the Reorganisation, 3,080,000 shares in Moral Wealth, representing 77% of its then issued share capital, were held by Mr. Elson Yim on trust for the then shareholders of Prime Health other than Moral Wealth (the "**Other Prime Health Shareholders**") on a pro rata basis (the "**Trust Arrangement**").

The Trust Arrangement arose in connection with an employee incentive scheme introduced by our Group during the year ended 31 March 2013 (the "**Scheme**"). Under the Scheme, eligible employees of our Group would be awarded shares in Moral Wealth, based on their past performance and contribution to our Group.

On 12 January 2014, Moral Wealth allotted and issued an aggregate of 920,000 new shares to three of our Directors, a member of our Group's senior management and 20 of our Group's employees (the "**Eligible Employees**") pursuant to the Scheme. The shares were awarded without any vesting conditions, based on the past performance and contribution of the Eligible Employees to our Group and the share award was communicated to the Eligible Employees by our Group and was accepted by the Eligible Employees by 31 March 2013. An additional 3,079,999 new shares in Moral Wealth were allotted and issued to Mr. Elson Yim, who held those shares (together with one share in Moral Wealth acquired by Mr. Elson Yim upon the acquisition of Moral Wealth from its founding member on 5 November 2013 for the implementation of the Scheme) on trust for the Other Prime Health Shareholders, which were intended to be transferred to other eligible employees to be identified pursuant to the Scheme.

Apart from the Eligible Employees, no other eligible employees were identified pursuant to the Scheme. The Trust Arrangement continued until mid-2015 and was terminated during the Reorganisation through the incorporation of Silverage Pine Care and Silverage Pillar, the details of which are set out in "Reorganisation steps — Incorporation of Silverage Pine Care and Silverage Pillar" below.

As a result of the above allotments and immediately before the Reorganisation, Moral Wealth was held as to 77% by Mr. Elson Yim (on trust for the Other Prime Health Shareholders), 1.25% by each of Ms. Mona Cho, Mr. Billy Yim, Mr. Edwin Yim and Ms. Chu, and an aggregate of 18% by 20 of our employees.

Individual shareholders of Prime Health

Immediately before the Reorganisation, 24 individual shareholders of Prime Health held an aggregate of 28.04% interests in Prime Health, which comprised:

(a) an aggregate of 12.70% interests held by our Directors which in turn comprised 7.79% held by Mr. Alex Ng, 3.94% held by Mr. Lam, 0.87% held by Mr. Ma, 0.10% held by Mr. Edwin Yim;

(b) an aggregate of 2.14% interests held by five associates and/or close associates of our Directors which in turn comprised:

   (i) 0.62% held by Ms. Suen;

   (ii) 1.16% held by Mr. Ng Chun Kwok;

(iii) 0.28% held by Mrs. Ma;

(iv) 0.06% held by Mr. Yim Ting Chung;

(v) 0.02% held by Ms. Cho Wing Yee who is a sister of Ms. Mona Cho and spouse of Mr. Ng Chun Kwok;

(c) an aggregate of 3.92% interests held by three directors of certain of our subsidiaries (which in turn comprised 0.30% by Ms. Chu, 2.64% by Mr. Shek and 0.98% by Dr. Ho) and 2.35% held by Ms. Choi; and

(d) an aggregate of 2.48% interests held by two of our employees and an aggregate of 4.45% interests held by nine Independent Third Parties.

Effective shareholding in Prime Health and our Company

Taking into account the shares in Moral Wealth held by Mr. Elson Yim on trust under the Trust Arrangement, Prime Health was beneficially owned as to 45.98% by Mr. Elson Yim, 5.93% by Ms. Mona Cho, 10.78% by Mr. Alex Ng, 5.73% by Mr. Billy Yim, 4.16% by Mr. Lam, 0.92% by Mr. Ma, 0.17% by Mr. Edwin Yim, an aggregate of 10.56% by three directors of certain of our subsidiaries (including 6.74% by Ms. Chu), an aggregate of 7.46% by nine of the associates of the afore-mentioned persons (including 0.65% by Ms. Suen), an aggregate of 3.55% by 19 of our employees, and an aggregate of 4.76% by 10 Independent Third Parties.

In preparation for the Listing, the Trust Arrangement was terminated in order to rationalise the shareholding structure of the Group. Instead of having Mr. Elson Yim transferred the shares in Moral Wealth held on trust by him to each of the Other Prime Health Shareholders, two holding companies, namely Silverage Pine Care and Silverage Pillar, were incorporated as part of the Reorganisation. The effective interests in Prime Health held by its ultimate shareholders would be reflected in the shareholding structure of each of Silverage Pine Care and Silverage Pillar, except Ms. See and Mr. Yim Wah, who had decided to realise their respective investments in our Group by disposing of their respective shares in Prime Health Asia to Mr. Elson Yim as part of the Reorganisation (see "Reorganisation steps — Transfer of shares in Prime Health Asia" below for details). Accordingly, the ultimate shareholders of Prime Health (except Ms. See and Mr. Yim Wah) became the shareholders of Silverage Pine Care and/or Silverage Pillar as part of the Reorganisation. As such, the effective interests in Prime Health held by our Controlling Shareholders increased from 75.98% before the Reorganisation to 76.18% immediately upon completion of the Reorganisation.

The following table sets forth the effective interests of our Controlling Shareholders, in Prime Health before the Reorganisation and their respective effective interests in our Company immediately upon completion of the Reorganisation:

Name of Controlling Shareholder	Effective interest in Prime Health before the Reorganisation (approximately) %	Effective interest in our Company immediately upon completion of the Reorganisation (approximately) %
Mr. Elson Yim	45.98	46.18 *(Note)*
Ms. Mona Cho	5.93	5.93
Mr. Alex Ng	10.78	10.78
Mr. Billy Yim	5.73	5.73
Mr. Edwin Yim	0.17	0.17
Ms. Chu	6.74	6.74
Ms. Suen	0.65	0.65
Total	**75.98**	**76.18**

Note: Before the Reorganisation, Ms. See and Mr. Yim Wah decided to realise their respective investments in our Group. Their respective shares in Prime Health Asia were disposed of on 11 May 2016 to Mr. Elson Yim as part of the Reorganisation. See "Reorganisation steps — Transfer of shares in Prime Health Asia" below for details.

See "Reorganisation steps — Incorporation of our Company" in this section for details of the effective interests of the Silverage Pine Care Shareholders and the Silverage Pillar Shareholders in our Company.

Reorganisation steps

The Reorganisation involved the following steps:

Incorporation of Silverage Pine Care and Silverage Pillar

(i) Incorporation of Silverage Pine Care

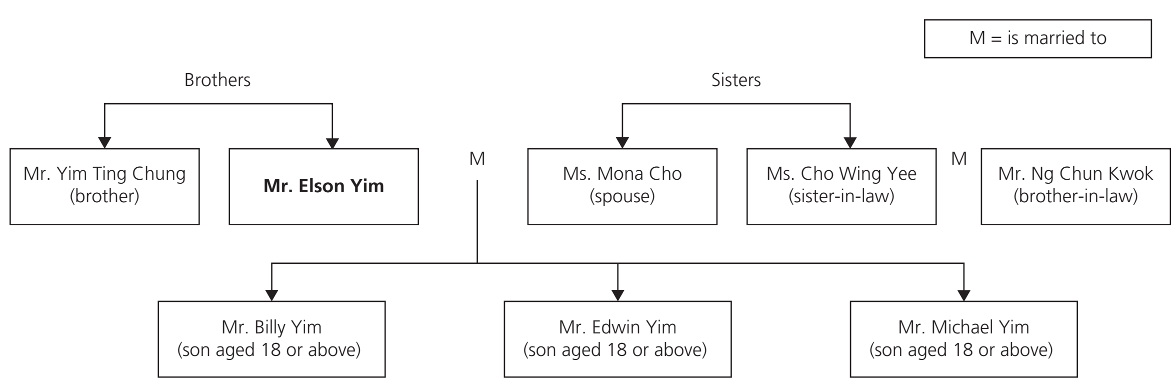
On 19 June 2015, Silverage Pine Care was incorporated in BVI with limited liability. As at the date of its incorporation, Silverage Pine Care was authorised to issue a maximum of 100,000,000 ordinary shares with a par value of US$0.001 each.

On 10 July 2015, a total of 75,780,000 subscriber shares, representing the entire issued share capital of Silverage Pine Care, were allotted and issued, credited as fully paid, to the Silverage Pine Care Shareholders. The number of subscriber shares in Silverage Pine Care allotted and issued to each of the Silverage Pine Care Shareholders and the respective approximate shareholding percentage are as follows:

Name of Silverage Pine Care Shareholder	No. of ordinary shares owned	Shareholding percentage (approximately) %
Our Directors		
Mr. Elson Yim *(Note 1)*	32,584,558	43.00
Mr. Alex Ng *(Note 2)*	7,491,591	9.90
Ms. Mona Cho *(Note 1)*	4,993,649	6.59
Mr. Billy Yim *(Note 1)*	4,826,657	6.37
Mr. Lam	3,502,826	4.62
Mr. Ma *(Note 3)*	772,691	1.02
Mr. Edwin Yim *(Note 1)*	139,300	0.18
Directors of our subsidiaries		
Ms. Chu	5,677,462	7.49
Mr. Shek *(Note 4)*	2,352,842	3.10
Dr. Ho	866,425	1.14
Associates of the aforesaid persons		
Ms. Suen *(Note 2)*	550,306	0.73
Ms. Choi *(Note 4)*	2,095,386	2.77
Mr. Michael Yim *(Note 1)*	2,076,808	2.74
Mr. Ng Chun Kwok *(Note 1)*	1,033,195	1.36
Mrs. Ma *(Note 3)*	254,710	0.34
Mr. Yim Ting Chung *(Note 1)*	53,064	0.07
Ms. Cho Wing Yee *(Note 1)*	46,610	0.06
Our employees (total: 3)	2,454,304	3.23
Independent Third Parties (total: 10)	4,007,616	5.29
Total	75,780,000	100.00

Notes:

1. The relationships of Mr. Elson Yim with Ms. Mona Cho, Mr. Billy Yim, Mr. Edwin Yim, Mr. Michael Yim, Mr. Yim Ting Chung, Ms. Cho Wing Yee and Mr. Ng Chun Kwok are set out in the following diagram:



2. Mr. Alex Ng is the spouse of Ms. Suen.

3. Mr. Ma is the spouse of Mrs. Ma.

4. Mr. Shek is the spouse of Ms. Choi.

(ii) Incorporation of Silverage Pillar

On 19 June 2015, Silverage Pillar was incorporated in BVI with limited liability. As at the date of its incorporation, Silverage Pillar was authorised to issue a maximum of 10,000,000 ordinary shares with a par value of US$0.001 each.

On 10 July 2015, a total of 8,420,000 subscriber shares, representing the entire issued share capital of Silverage Pillar, were allotted and issued, credited as fully paid, to the Silverage Pillar Shareholders. The number of subscriber shares in Silverage Pillar allotted and issued to each of the Silverage Pillar Shareholders and the respective approximate shareholding percentage are as follows:

Name of Silverage Pillar Shareholder	**No. of ordinary shares owned**	**Shareholding percentage (approximately) %**
Our Directors		
Mr. Elson Yim	6,304,000	74.86
Mr. Alex Ng	1,576,000	18.72
Our employees (total: 16)	540,000	6.42
Total	8,420,000	100.00

Each of our employees holds less than 5% of the ordinary shares of Silverage Pillar.

Incorporation of Pine Active Care

On 22 June 2015, Pine Active Care, one of our Controlling Shareholders, was incorporated as the holding company of each of our Company, Pine Care River and Giant Success (see below for details) in BVI with limited liability. As at the date of its incorporation, Pine Active Care was authorised to issue a maximum of 50,000 ordinary shares with a par value of US$1.00 each.

On 24 July 2015, nine subscriber shares in Pine Active Care were allotted and issued, credited as fully paid, to Silverage Pine Care and one subscriber share in Pine Active Care was allotted and issued, credited as fully paid, to Silverage Pillar. Accordingly, Pine Active Care was owned as to 90% by Silverage Pine Care and 10% by Silverage Pillar.

Incorporation of our Company

On 18 August 2015, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On the same day, one subscriber Share was allotted and issued as fully paid to the initial subscriber. On the same day, the said one Share was transferred to Pine Active Care at par value of HK$0.01. Upon completion, our Company became wholly-owned by Pine Active Care.

The following table sets forth the effective interests of the Silverage Pine Care Shareholders and the Silverage Pillar Shareholders in our Company upon completion of the said transfer (and up to the Latest Practicable Date), through their respective interests in Silverage Pine Care, Silverage Pillar and Pine Active Care:

Name of shareholder	Interest in Silverage Pine Care (approximately) %	Interest in Silverage Pillar (approximately) %	Effective interest in our Company upon completion of the said transfer (approximately) %
Our Directors			
Mr. Elson Yim	43.00	74.86	46.18
Mr. Alex Ng	9.90	18.72	10.78
Ms. Mona Cho	6.59	—	5.93
Mr. Billy Yim	6.37	—	5.73
Mr. Lam	4.62	—	4.16
Mr. Ma	1.02	—	0.92
Mr. Edwin Yim	0.18	—	0.16
Directors of our subsidiaries			
Ms. Chu	7.49	—	6.74
Mr. Shek	3.10	—	2.79
Dr. Ho	1.14	—	1.03
Associates of the aforesaid persons			
Ms. Suen	0.73	—	0.65
Ms. Choi	2.77	—	2.49
Mr. Michael Yim	2.74	—	2.47
Mr. Ng Chun Kwok	1.36	—	1.24
Mrs. Ma	0.34	—	0.30
Mr. Yim Ting Chung	0.07	—	0.06
Ms. Cho Wing Yee	0.06	—	0.06
Our employees (total: 19)	3.23	6.42	3.55
Independent Third Parties (total: 10)	5.29	—	4.76
Total	100.00	100.00	100.00

The effective interests of the Silverage Pine Care Shareholders and the Silverage Pillar Shareholders in our Company had taken into account the interests held by Ms. See and Mr. Yim Wah in our Group prior to the Reorganisation which were then transferred to Mr. Elson Yim as part of the Reorganisation, as if such interests had been disposed of prior to the Reorganisation. See "Overview — Effective Shareholding in Prime Health and our Group" in this section for details of the changes in effective shareholding in Prime Health and our Group, and "Transfer of shares in Prime Health Asia" below for details of the disposals by Ms. See and Mr. Yim Wah of their respective interests in our Group.

Incorporation of Pine Care Health

On 26 August 2015, Pine Care Health was incorporated in BVI with limited liability. As at the date of its incorporation, Pine Care Health was authorised to issue a maximum of 50,000 ordinary shares with a par value of US$1.00 each.

On 31 August 2015, one subscriber share in Pine Care Health was allotted and issued, credited as fully paid, to our Company. As a result, Pine Care Health became wholly-owned by our Company.

Incorporation of Pine Care River

On 25 August 2015, Pine Care River was incorporated as the holding company of Best Luck and Added Twist which were not included as part of our Group for the purpose of the Listing (see below for details) in BVI with limited liability. As at the date of its incorporation, Pine Care River was authorised to issue a maximum of 50,000 ordinary shares with a par value of US$1.00 each.

On 31 August 2015, one subscriber share in Pine Care River was allotted and issued, credited as fully paid, to Pine Active Care. As a result, Pine Care River became wholly-owned by Pine Active Care. Pine Care River was not included as part of our Group for the purpose of the Listing.

Incorporation of Pine Care Elite

On 31 December 2015, Pine Care Elite was incorporated in Hong Kong with limited liability. Pine Care Elite was incorporated for the purpose of implementing the Pine Care Place Development Plan. See "Business — Pine Care Place Development Plan" for details of the care and attention home to be operated by our Group through Pine Care Elite.

On 31 December 2015, 10,000 subscriber shares in Pine Care Elite were allotted and issued as fully paid to Pine Care Elderly Home. As a result, Pine Care Elite became wholly-owned by Pine Care Elderly Home.

Transfer of shares in Prime Health Asia

On 11 May 2016, Ms. See and Mr. Yim Wah transferred their respective interests in Prime Health Asia to Mr. Elson Yim as follows:

(a) Ms. See (as transferor) and Mr. Elson Yim (as transferee) executed an instrument of transfer and bought and sold notes, pursuant to which 42,357 ordinary shares in Prime Health Asia, representing approximately 5.81% interest in Prime Health Asia, were transferred to Mr. Elson Yim for a consideration of HK$164,320 which was determined with reference to the earnings of our Group for the year ended 31 March 2016. The transfer was properly and legally completed and settled on 16 May 2016. Ms. See is the sister-in-law of Mr. Elson Yim and the spouse of Mr. Yim Wah. Ms. See disposed of her interest in Prime Health Asia as she intended to realise her investment in our Group through Prime Health Asia. Upon completion of the said disposal, Ms. See ceased to hold any interest in Prime Health Asia; and

(b) Mr. Yim Wah (as transferor) and Mr. Elson Yim (as transferee) executed an instrument of transfer and bought and sold notes, pursuant to which 33,586 ordinary shares in Prime Health Asia, representing approximately 4.61% interest in Prime Health Asia, were transferred to Mr. Elson Yim for a consideration of HK$130,294 which was determined with reference to the earnings of our Group for the year ended 31 March 2016. The disposal was properly and legally completed and settled on 16 May 2016. Mr. Yim Wah is the spouse of Ms. See and is brother of Mr. Elson Yim. Mr. Yim Wah disposed of his interest in Prime Health Asia as he intended to realise his investment in our Group through Prime Health Asia. Upon completion of the said disposal, Mr. Yim Wah ceased to hold any interest in Prime Health Asia.

Upon completion of the above transfers, Mr. Elson Yim's direct interest in Prime Health Asia increased from 39.00% to 49.42%. The following table sets forth the changes in the shareholding of Prime Health Asia upon completion of the above transfers.

Name of shareholder	Shareholding percentage before the above transfers (approximately) %	Shareholding percentage upon completion of the above transfers (approximately) %
Our Directors		
Mr. Elson Yim	39.00	49.42
Mr. Alex Ng	11.10	11.10
Ms. Mona Cho	4.72	4.72
Mr. Lam	3.61	3.61
Mr. Ma	0.76	0.76
Directors of our subsidiaries		
Ms. Chu	5.56	5.56
Mr. Shek	2.89	2.89
Dr. Ho	0.78	0.78
Associates of the aforesaid persons		
Ms. See	5.81	—
Mr. Yim Wah	4.61	—
Winch Limited *(Note)*	10.82	10.82
Ms. Suen	0.31	0.31
Ms. Choi	2.39	2.39
Mr. Ng Chun Kwok	0.94	0.94
Mrs. Ma	0.33	0.33
Mr. Yim Ting Chung	0.07	0.07
Our employees (total: 2)	1.83	1.83
Independent Third Parties (total: 9)	4.47	4.47
Total	100.00	100.00

Note: Winch Limited was jointly owned by Mr. Elson Yim and Ms. Mona Cho in equal shares.

Each of our employees and the Independent Third Parties holds less than 5% of the ordinary shares of Prime Health Asia.

The changes in the effective interests of the ultimate shareholders of Prime Health and our Group arising from the above transfers had been accounted for upon the incorporation of Silverage Pine Care and Silverage Pillar. See "Overview — Effective Shareholding in Prime Health and our Group" in this section for details of the changes in effective shareholding in Prime Health and our Group, and "Incorporation of our Company" above for details of the effective interests of the Silverage Pine Care Shareholders and the Silverage Pillar Shareholders in our Company.

Acquisition of the entire issued share capital of Prime Health by Pine Care Health

On 24 May 2016, Top Benchmark Limited, River Bright Limited, Mr. Alex Ng, Moral Wealth Development Limited, Ms. Suen, Ms. Chu, Mr. Edwin Yim, Pine Care Health and Pine Active Care, among others, entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Pine Care Health acquired the entire issued share capital of Prime Health from the shareholders of Prime Health in consideration for Pine Active Care, an indirect holding company of Pine Care Health, allotting and issuing 81 ordinary shares in Pine Active Care, credited as fully paid, to Silverage Pine Care and nine ordinary shares in Pine Active Care, credited as fully paid, to Silverage Pillar. The said shares were allotted and issued to Silverage Pine Care and Silverage Pillar respectively on 24 May 2016.

Upon completion of the above acquisition, Prime Health became a direct wholly-owned subsidiary of Pine Care Health and Pine Active Care remained to be held as to 90% by Silverage Pine Care and 10% by Silverage Pillar.

Transfer of shares in certain subsidiaries of Prime Health

Before the Reorganisation, Mr. Elson Yim held one share in each of (i) Grant Smart, Chun Fai, Wellfield Properties, Pine Care Elderly Home, Fitgarden and Mainfield on trust for Prime Health; (ii) Pine Care Centre, Pacific First, Besting Holdings, Hinta Enterprises and Fitbest on trust for Pine Care Elderly Home; (iii) Witmart Design on trust for Pine Care Centre; and (iv) Best Luck on trust for Besting Holdings.

On 24 May 2016, Mr. Elson Yim (as transferor) and each of Prime Health, Pine Care Elderly Home, Pine Care Centre and Besting Holdings (each as transferee) executed a separate instrument of transfer, pursuant to which the relevant share held on trust by Mr. Elson Yim was transferred to the respective beneficial owners. Upon completion of the above transfers, the shares in the subsidiaries of Prime Health above became 100% held by their respective holding companies.

On 24 May 2016, Grand Prosper (as transferor) and Pine Care Elderly Home (as transferee) executed an instrument of transfer and bought and sold notes, pursuant to which one ordinary share in Gericare Centre, representing 1% of its issued share capital, was transferred to Pine Care Elderly Home for a consideration of HK$76,158, which was determined based on the net asset value of Gericare Centre as at 31 March 2016. The above transfer was properly and legally completed and settled on 24 May 2016. Upon completion of the above transfer, Gericare Centre became a wholly-owned subsidiary of Pine Care Elderly Home.

Disposal of Best Luck and Added Twist to Pine Care River

As at 18 August 2016, Best Luck was principally engaged in the operation and management of a medical clinic and Added Twist was principally engaged in the operation and management of a Chinese medical clinic.

On 18 August 2016, Besting Holdings (as transferor) and Pine Care River (as transferee) entered into a sale and purchase agreement, pursuant to which Besting Holdings disposed of the entire issued share capital of Best Luck to Pine Care River for a consideration of HK$674,618, which was determined based on the net asset value of Best Luck as at 31 March 2016. The disposal was properly and legally completed and settled on 19 August 2016. Upon completion of the above disposal, Best Luck became a wholly-owned subsidiary of Pine Care River, and ceased to be part of our Group.

On 18 August 2016, Fitbest (as transferor) and Pine Care River (as transferee) entered into a sale and purchase agreement, pursuant to which Fitbest disposed of the entire issued share capital of Added Twist to Pine Care River for a consideration of HK$156,626, which was determined based on the net asset value of Added Twist as at 31 March 2016. The disposal was properly and legally completed and settled on 19 August 2016. Upon completion of the above disposal, Added Twist became a wholly-owned subsidiary of Pine Care River, and ceased to be part of our Group.

The reason for disposing of Best Luck and Added Twist to Pine Care River was to delineate our principal business from the other businesses operated by our Group prior to the Reorganisation.

Disposal of Giant Success to Pine Active Care and disposal of the Excluded Properties to Giant Success

Before the Reorganisation, Giant Success was directly holding four residential properties (the "**Giant Success Properties**"), two of which have been leased to our Group as staff dormitories since April 2015.

On 18 August 2016, Prime Health (as transferor) and Pine Active Care (as transferee) entered into a sale and purchase agreement, pursuant to which Prime Health disposed of the entire issued share capital of Giant Success to Pine Active Care for a consideration of HK$17,071,460, which was determined based on the net asset value of Giant Success as at 31 March 2016. The above disposal was properly and legally completed and settled on 19 August 2016. Upon completion of the above disposal, Giant Success became a wholly-owned subsidiary of Pine Active Care, one of our Controlling Shareholders, and ceased to be part of our Group.

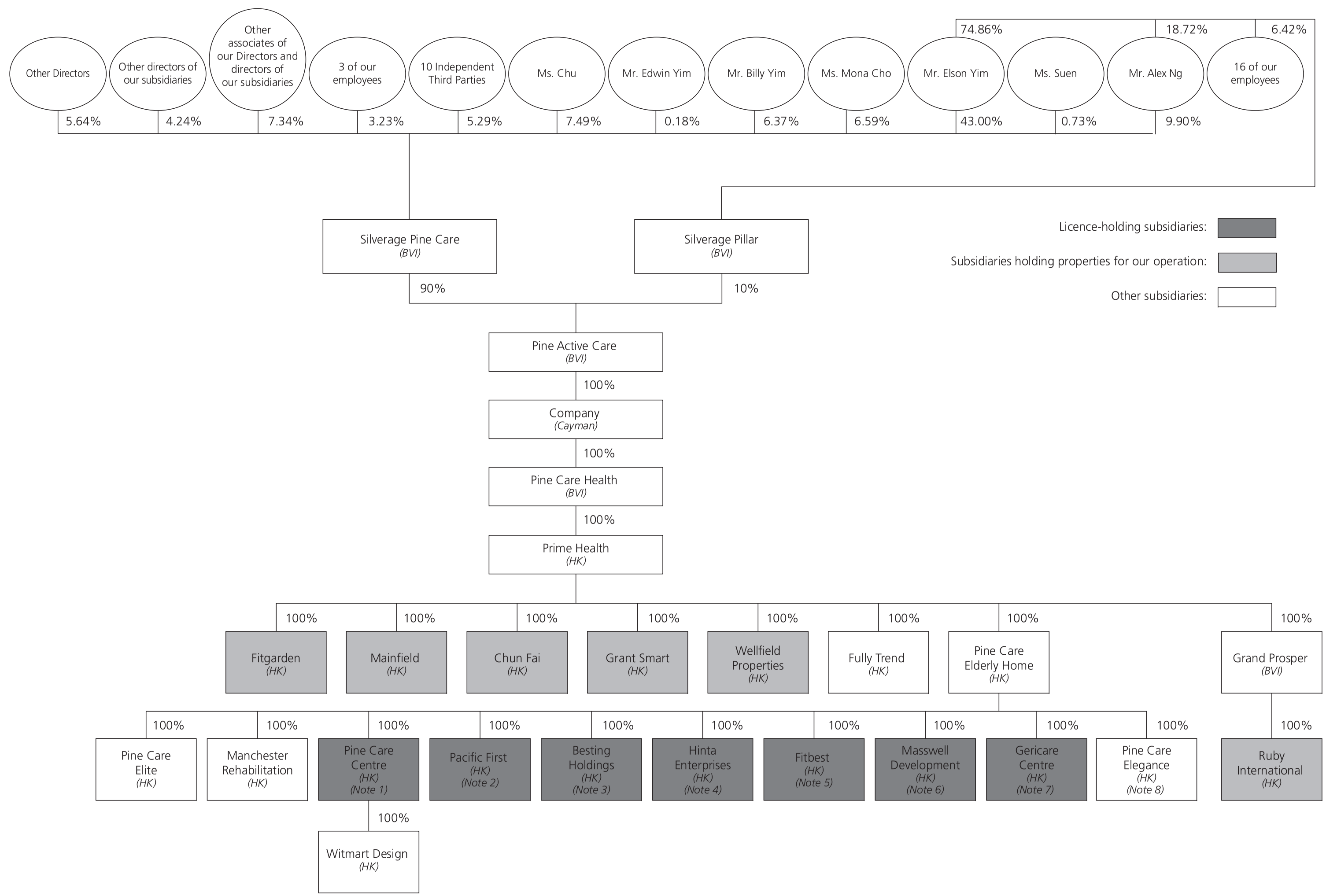
On 30 August 2016, Grant Smart (as transferor) and Giant Success (as transferee) entered into two memoranda of agreement for sale and purchase, pursuant to which Grant Smart disposed of two residential properties (the "**Excluded Properties**") to Giant Success for a total consideration of HK$14,050,000, which was determined based on the value of the Excluded Properties as at 31 July 2016 as valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The above disposal was properly and legally completed and settled on 3 October 2016. Upon completion of the disposal of the Excluded Properties, our Group ceased to have any interest in the Excluded Properties. Upon completion of the said disposal, six residential properties comprising the Giant Success Properties and the Excluded Properties were held by Giant Success.

The disposal of Giant Success to Pine Active Care and the disposal of the Excluded Properties to Giant Success took place as our Directors considered that the Giant Success Properties and the Excluded Properties were not principal assets of our Group and do not form part of and are not crucial to our Group's principal operations. Two of the Giant Success Properties have been leased to our Group as staff dormitories since April 2015. Our Group will continue to rent these two residential properties held by Giant Success after the Listing. See "Connected Transactions — Continuing connected transactions fully exempt from Shareholders' approval, annual review and all disclosure requirements — Tenancy agreements between Giant Success and our Group in relation to staff dormitories" for further details of the tenancies between Giant Success and our Group in relation to staff dormitories.

Shareholders' and regulatory approvals

We have obtained the relevant Shareholders' approvals for the Reorganisation. See "Statutory and General Information — A. Further information about our Company — Written resolutions of our sole Shareholder passed on 23 January 2017" in Appendix V to this prospectus for details of the Shareholders' approvals. We are not required to obtain any regulatory approval for the Reorganisation in Hong Kong.

The following chart sets forth our Group's shareholding and corporate structure immediately after the Reorganisation but before the Capitalisation Issue and the Share Offer:



Notes:

(1) Pine Care Centre is the licence holder of Pine Care Centre, the operating address of which is at Shop B6–B14, C5–C7, C11–C15, G/F, Shui Ning House, 24–50 Shui Ning Street, Kwun Tong, Kowloon. The premises used for Pine Care Centre were leased to Pine Care Centre by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care Centre.

(2) Pacific First is the licence holder of Pine Care (Tak Fung) Elderly Centre, the operating address of which is at Shops 89 & 91, G/F, 1/F, 2/F and Portion of 3/F, Tak Fung Building, 85–91 Lai Chi Kok Road, Kowloon. The ground floor, first and second floors of the premises used for Pine Care (Tak Fung) Elderly Centre were leased to Pacific First by Fitgarden and Mainfield respectively, whereas the portion of the third floor of the premises was leased to Pacific First by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care (Tak Fung) Elderly Centre.

(3) Besting Holdings is the licence holder of (i) New Pine Care Centre, the operating address of which is at Portion of G/F, 1/F, 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate & F20–F22 on 3/F, Lee Foo House, Shun Lee Estate, Kowloon, and (ii) Pine Care (Lee Foo) Elderly Centre, the operating address of which is at 101–108, 1/F Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon. Both premises used for New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre were leased to Besting Holdings by an Independent Third Party. See "Business — Our care and attention homes" for details of New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre.

(4) Hinta Enterprises is the licence holder of Pinecrest Elderly Centre, the operating address of which is at G/F, No. 36, Tung Ming Street and 1/F, No. 63 Hong Ning Road, Kwun Tong, Kowloon. The premises used for Pinecrest Elderly Centre were leased to Hinta Enterprises by Chun Fai. See "Business — Our care and attention homes" for details of Pinecrest Elderly Centre.

(5) Fitbest is the licence holder of Pine Care (Manning) Elderly Centre, the operating address of which is at G/F–3/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon. The premises used for Pine Care (Manning) Elderly Centre were leased to Fitbest by Grant Smart. See "Business — Our care and attention homes" for details of Pine Care (Manning) Elderly Centre.

(6) Masswell Development is the licence holder of Pine Care Hong Fai Elderly Centre, the operating address of which is at Portion of G/F, whole of 1/F–3/F, 143–145 Shaukeiwan Road, Hong Kong. The premises used for Pine Care Hong Fai Elderly Centre were leased to Masswell Development by Wellfield Properties. See "Business — Our care and attention homes" for details of Pine Care Hong Fai Elderly Centre.

(7) Gericare Centre is the licence holder of (i) Pine Care (Po Tak) Elderly Centre, the operating address of which is at Shop 10 G/F, 1/F & 2/F, Win Fong Heights, 180 Hing Fong Road, Kwai Chung, New Territories, and (ii) Pine Care (Po Tak Branch) Elderly Centre, the operating address of which is at Shop H on G/F, 1/F–4/F, 41–43 Shing Fong Street, 204 Hing Fong Road and 31–35, 37, 39–41, Ko Fong Street, Kwai Chung, New Territories. The premises used for Pine Care (Po Tak) Elderly Centre were leased to Gericare Centre by Ruby International, whereas the premises used for Pine Care (Po Tak Branch) Elderly Centre were leased to Gericare Centre by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre.

(8) On 8 December 2016, Pine Care Elegance was incorporated in Hong Kong with limited liability. Pine Care Elegance was incorporated for the purpose of implementing our Group's expansion plan. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus for details of our Group's expansion plan.

On 8 December 2016, 10,000 subscriber shares in Pine Care Elegance were allotted and issued as fully paid to Pine Care Elderly Home. As a result, Pine Care Elegance became wholly-owned by Pine Care Elderly Home.

As at the Latest Practicable Date, Pine Care Elegance had not yet commenced business.

POSSIBLE ACQUISITION AFTER THE TRACK RECORD PERIOD

Background

Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination and for the purpose of accommodating a majority of the existing residents of Pine Care (Po Tak Branch) Elderly Centre, we entered into the MOU which is non-legally binding on 4 January 2017 for the Possible Acquisition. The Target Company is the operator of an existing care and attention home situated at the Target Premises and the holder of the RCHE licence for the said existing care and attention home. As at the Latest Practicable Date, the Target Company was owned as to 53.13% by Billion Fortune International Limited, 43.12% by Grand Profit Enterprise Limited and 3.75% by Regent Gold Business Limited, and each of Billion Fortune International Limited, Grand Profit Enterprise Limited and Regent Gold Business Limited was owned as to 80% by Ms. Luk Ngai Ling Irene ("**Ms. Irene Luk**") and 20% by Ms. Luk Ngai Si Icy ("**Ms. Icy Luk**"). See "Business — Possible Acquisition for Relocation of Pine Care (Po Tak Branch) Elderly Centre" in this prospectus for details of the proposed relocation of Pine Care (Po Tak Branch) Elderly Centre to the Target RCHE under the Possible Acquisition.

By way of background, on 14 December 2016, in order to immediately crystalise the opportunity for our Group to acquire the Target Company in response to the Early Termination, Mr. Elson Yim entered into a letter of intent (the "**LOI**") with the Vendors, Ms. Irene Luk and Ms. Icy Luk. Each of the Vendors, Ms. Irene Luk and Ms. Icy Luk is an Independent Third Party. The parties to the LOI agree that Mr. Elson Yim may at his sole discretion nominate any of his controlled entities to enter into the Formal Agreement as the purchaser thereunder, and Mr. Elson Yim shall accordingly be entitled to assign all or any of his rights under the LOI to such controlled entity.

The completion of the Possible Acquisition, if materialised, is conditional upon certain conditions precedent to be set out in the Formal Agreement.

Pursuant to the LOI, Mr. Elson Yim paid HK$13,880,000 to Ms. Irene Luk (acting as the agent of the Vendors) upon signing of the LOI as earnest money (the "**Earnest Money**"). It is agreed by the parties under the LOI that (i) if the Formal Agreement is entered into by the parties to the LOI in accordance with the terms thereof, the Earnest Money shall be applied as payment of the consideration for the sale and purchase of the entire issued share capital of the Target Company and the shareholders' loan due to the Vendors (whether as deposit or in full); and (ii) if Mr. Elson Yim exercises his discretion and nominates any of his controlled entities to enter into the Formal Agreement, Mr. Elson Yim shall be entitled to instruct the Vendors or Ms. Irene Luk (acting as the agent of the Vendors) to return and refund the Earnest Money to him in full (without interest) upon the signing of the Formal Agreement.

The parties to the LOI agree that the LOI merely serves to record the intention of the parties as at the date of the LOI, and the parties do not intend the provisions of the LOI to be exhaustive and complete as to the terms and conditions of the sale and purchase of the entire issued share capital of the Target Company and the shareholders' loan due to the Vendors.

On 4 January 2017, Mr. Elson Yim formally nominated Pine Care Elderly Home, an indirect wholly owned subsidiary of our Company, to be the purchaser in relation to the Possible Acquisition.

The MOU

On 4 January 2017, the Vendors, Pine Care Elderly Home (as purchaser), Ms. Irene Luk and Ms. Icy Luk (as the Vendors' guarantors) entered into the MOU in relation to the Possible Acquisition for a total consideration of HK$13,880,000 which shall be paid by Pine Care Elderly Home to the Vendors. Such consideration was arrived at after arm's length negotiations between the parties after taking into account the need of our Group for a readily available premises to accommodate a majority of the existing residents of Pine Care (Po Tak Branch) Elderly Centre, the physical conditions of the Target Premises and the general demand for care and attention homes for the elderly in Tsuen Wan.

Pursuant to the MOU, subject to the terms and conditions of the Formal Agreement, completion of the Possible Acquisition, if materialised, shall take place on such date as set out in the Formal Agreement. As at the Latest Practicable Date, the Formal Agreement had not been entered into.

To the best knowledge and information of our Directors, (i) the total assets of the Target Company as at 30 June 2016 were not more than HK$16.1 million, representing not more than 5% of the total assets of our Group as at 31 July 2016; and (ii) the total revenue and profit for year of the Target Company for the year ended 30 June 2016, were not more than HK$8.7 million and HK$1.4 million, respectively, representing not more than 5% of each of the total revenue and profit for the year from continuing operations before non-recurring listing expenses, other income and gains, and other expenses of our Group for the year ended 31 March 2016.

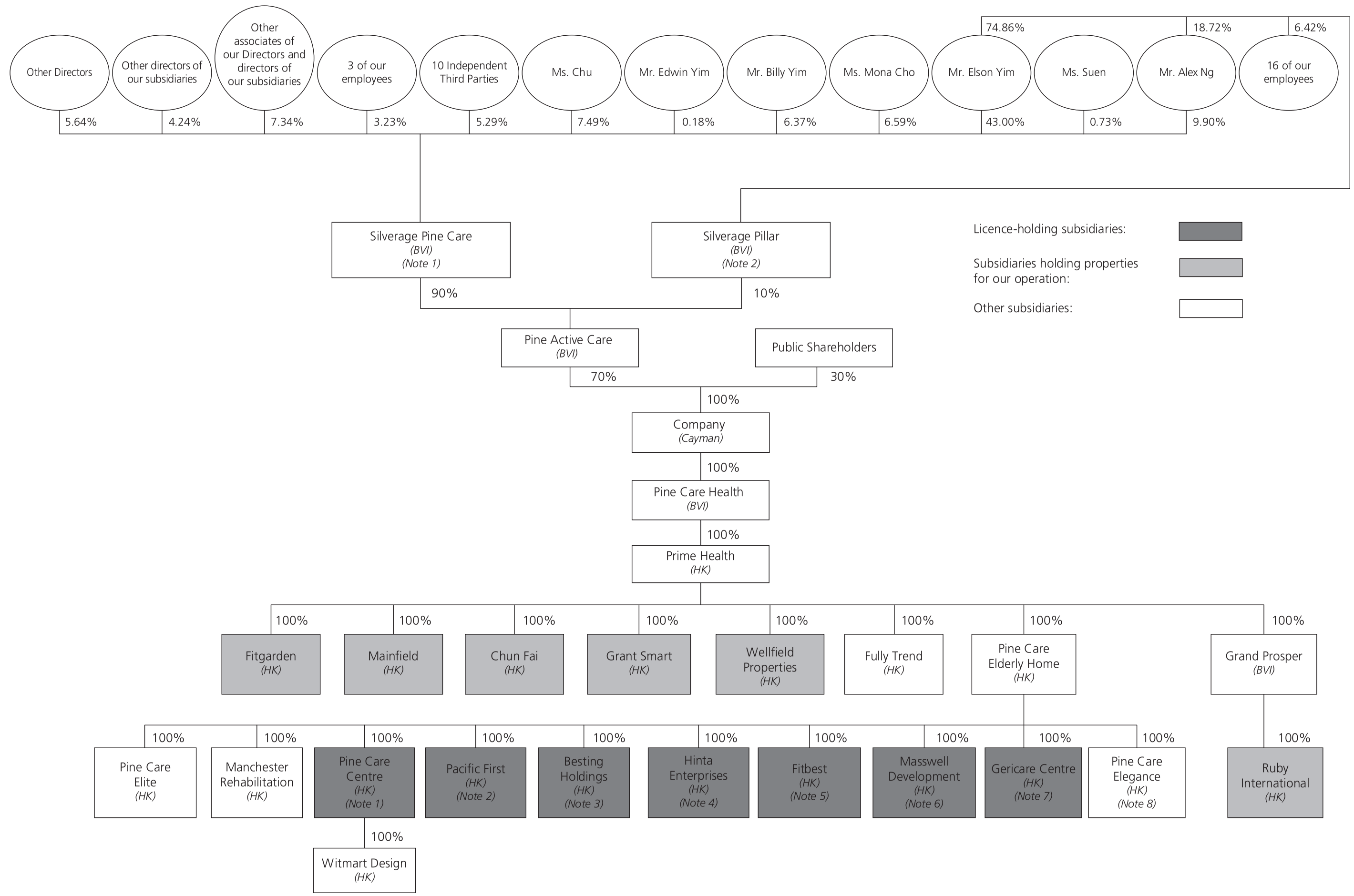
Upon completion of the Possible Acquisition, if materialised, the Target Company will become our indirect wholly-owned subsidiary.

CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Listing, our Directors are authorised to capitalise an amount of HK$6,479,999.99 standing to the credit of the share premium account of our Company by applying such sum towards to pay up in full at par a total of 647,999,999 Shares for allotment and issue, immediately prior to the Listing, to our sole Shareholder, Pine Active Care.

As part of the Share Offer, our Selling Shareholder will offer 43,200,000 Sale Shares for purchase pursuant to the Share Offer. See "Structure and Conditions of the Share Offer" in this prospectus for details of the Sales Shares offered by our Selling Shareholder.

The following chart sets forth our Group's shareholding and corporate structure immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme):



Notes:

(1) Pine Care Centre is the licence holder of Pine Care Centre, the operating address of which is at Shop B6–B14, C5–C7, C11–C15, G/F, Shui Ning House, 24–50 Shui Ning Street, Kwun Tong, Kowloon. The premises used for Pine Care Centre were leased to Pine Care Centre by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care Centre.

(2) Pacific First is the licence holder of Pine Care (Tak Fung) Elderly Centre, the operating address of which is at Shops 89 & 91, G/F, 1/F, 2/F and Portion of 3/F, Tak Fung Building, 85–91 Lai Chi Kok Road, Kowloon. The ground floor, first and second floors of the premises used for Pine Care (Tak Fung) Elderly Centre were leased to Pacific First by Fitgarden and Mainfield respectively, whereas the portion of the third floor of the premises was leased to Pacific First by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care (Tak Fung) Elderly Centre.

(3) Besting Holdings is the licence holder of (i) New Pine Care Centre, the operating address of which is at Portion of G/F, 1/F, 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate & F20–F22 on 3/F, Lee Foo House, Shun Lee Estate, Kowloon, and (ii) Pine Care (Lee Foo) Elderly Centre, the operating address of which is at 101–108, 1/F Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon. Both premises used for New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre were leased to Besting Holdings by an Independent Third Party. See "Business — Our care and attention homes" for details of New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre.

(4) Hinta Enterprises is the licence holder of Pinecrest Elderly Centre, the operating address of which is at G/F, No. 36, Tung Ming Street and 1/F, No. 63 Hong Ning Road, Kwun Tong, Kowloon. The premises used for Pinecrest Elderly Centre were leased to Hinta Enterprises by Chun Fai. See "Business — Our care and attention homes" for details of Pinecrest Elderly Centre.

(5) Fitbest is the licence holder of Pine Care (Manning) Elderly Centre, the operating address of which is at G/F–3/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon. The premises used for Pine Care (Manning) Elderly Centre were leased to Fitbest by Grant Smart. See "Business — Our care and attention homes" for details of Pine Care (Manning) Elderly Centre.

(6) Masswell Development is the licence holder of Pine Care Hong Fai Elderly Centre, the operating address of which is at Portion of G/F, whole of 1/F–3/F, 143–145 Shaukeiwan Road, Hong Kong. The premises used for Pine Care Hong Fai Elderly Centre were leased to Masswell Development by Wellfield Properties. See "Business — Our care and attention homes" for details of Pine Care Hong Fai Elderly Centre.

(7) Gericare Centre is the licence holder of (i) Pine Care (Po Tak) Elderly Centre, the operating address of which is at Shop 10 G/F, 1/F & 2/F, Win Fong Heights, 180 Hing Fong Road, Kwai Chung, New Territories, and (ii) Pine Care (Po Tak Branch) Elderly Centre, the operating address of which is at Shop H on G/F, 1/F–4/F, 41–43 Shing Fong Street, 204 Hing Fong Road and 31–35, 37, 39–41, Ko Fong Street, Kwai Chung, New Territories. The premises used for Pine Care (Po Tak) Elderly Centre were leased to Gericare Centre by Ruby International, whereas the premises used for Pine Care (Po Tak Branch) Elderly Centre were leased to Gericare Centre by an Independent Third Party. See "Business — Our care and attention homes" for details of Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre.

(8) On 8 December 2016, Pine Care Elegance was incorporated in Hong Kong with limited liability. Pine Care Elegance was incorporated for the purpose of implementing our Group's expansion plan. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus for details of our Group's expansion plan.

On 8 December 2016, 10,000 subscriber shares in Pine Care Elegance were allotted and issued as fully paid to Pine Care Elderly Home. As a result, Pine Care Elegance became wholly-owned by Pine Care Elderly Home.

As at the Latest Practicable Date, Pine Care Elegance had not yet commenced business.

OVERVIEW

We are a leading operator of residential care homes for the elderly in Hong Kong offering a comprehensive range of residential care services for the elderly including: (i) the provision of residence, professional nursing and caretaking services, nutritional management, medical services, physiotherapy services, psychological and social care and individual care plans; and (ii) sale of elderly home related goods and provision of health care services.

Our Group has been operating care and attention homes in Hong Kong since 1989. In 2015, we were the second largest private RCHE operator in Hong Kong with a market share of approximately 3.0% in terms of revenue, and the largest private RCHE operator participating in the EBPS in Hong Kong in 2015 with a market share of approximately 9.3% in terms of the number of EBPS places in Hong Kong, according to the Ipsos Report. As at the Latest Practicable Date, we had a network of nine care and attention homes with 1,218 residential care places operating across five districts in Hong Kong under the brand name of "Pine Care Group", most of which are located near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. See "Our Care and Attention Homes" in this section for further details. Through our network of care and attention homes in Hong Kong, we generate our revenue in a growing market with strong demand for residential care services. According to the Ipsos Report, there is a surging demand for care services in residential care homes for the elderly in Hong Kong due to an aging population, an increase in incidence of chronic diseases and physiological deterioration among elders and a high institutionalisation rate in Hong Kong.

Our corporate culture is embodied in our Company's motto of "Respecting the Elderly as Family" (敬老如親) as we provide quality residential care services to our residents through establishing a comfortable setting and instilling a warm sense of family. Our dedication to providing quality services to our residents is evident through (i) the establishment of our quality assurance monitoring committee to monitor, inspect and regulate the provision of residential care services for the residents in our Group since 2001; (ii) being accredited with the ISO 9001 quality management certification in respect of the provision of residential care services for the elderly since 2002; and (iii) being accredited with the Residential Aged Care Accreditation Scheme of Hong Kong Association of Gerontology since 2010. Please refer to the paragraph headed "Quality Control" in this section for further details.

All of our care and attention homes have participated in the Enhanced Bought Place Scheme pursuant to which the SWD purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, pursuant to the Enhanced Bought Place Scheme, six of our care and attention homes were classified as EA1, while three of our care and attention homes were classified as EA2. On 30 November 2016, the applications for the upgrade from EA2 classification to EA1 classification of these three care and attention homes, namely Pine Care Centre, Pine Care (Tak Fung) Elderly Centre and Pinecrest Elderly Centre, were conditionally approved by the SWD. Gericare Centre, the license holder of Pine Care (Po Tak Branch) Elderly Centre, received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the Possible Acquisition. The Target Company is the licence holder of an existing care and attention home in Hong Kong.

Since the abovementioned upgrade from EA2 classification to EA1 classification will require us to modify the layout of our relevant care and attention homes in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R, it is expected that our total number of residential places will decrease upon the completion of upgrade to EA1 classification (which is currently expected to take place in the fourth quarter of 2017). The following table shows, among others, the number of residential care places in each of our care and attention homes as at the Latest Practicable Date together with notes showing the expected changes in the number of residential care places in the each of the relevant care and attention homes subject to the upgrade.

Summary statistics of our care and attention homes as at the Latest Practicable Date

	Pine Care Centre *(Note 1)*	Pine Care (Tak Fung) Elderly Centre *(Note 2)*	New Pine Care Centre	Pinecrest Elderly Centre *(Note 3)*	Pine Care (Manning) Elderly Centre	Pine Care Hong Fai Elderly Centre	Pine Care (Lee Foo) Elderly Centre	Pine Care (Po Tak) Elderly Centre	Pine Care (Po Tak Branch) Elderly Centre *(Note 4)*	
Address	Shop B6–B14, C5–C7, C11–C15, G/F, Shui Ning House, 24–50 Shui Ning Street, Kwun Tong, Kowloon	Shops 89 & 91, G/F, 1/F, 2/F and Portion of 3/F, Tak Fung Building, 85–91 Lai Chi Kok Road, Kowloon	Portion of G/F, 1/F, 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate & F20–F22 on 3/F, Lee Foo House, Shun Lee Estate, Kowloon	G/F, No. 36, Tung Ming Street and 1/F, No. 63 Hong Ning Road, Kwun Tong, Kowloon	G/F–3/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon	Portion of G/F, whole of 1/F–3/F, 143–145 Shaukeiwan Road, Hong Kong	101–108, 1/F Lee Foo House, Shun Lee Estate, Kowloon	Shop 10 G/F, 1/F & 2/F, Win Fong Heights, 180 Hing Fong Road, Kwai Chung, New Territories	Shop H on G/F, 1/F–4/F, 41–43 Shing Fong Street, 204 Hing Fong Road and 31–35, 37, 39–41, Ko Fong Street, Kwai Chung, New Territories	
Year of commencement of operations by our Group	1989	2012	2010	1999	2003	2006	2010	2010	2010	
Saleable area/net floor area *('000 sq.ft.)*	10.7	10.1	29.0	7.6	17.6	12.0	5.4	24.0	14.3	
Number of residential care places										**Total**
Under the EBPS	83	73	195	43	71	49	35	100	98	747
For individual customers not under the EBPS	41	32	84	41	72	50	15	94	42	471
Total	124	105	279	84	143	99	50	194	140	1,218
Classification under the EBPS	EA2	EA2	EA1	EA2	EA1	EA1	EA1	EA1	EA1	
Range of monthly residential fee *(HK$)*	8,650–13,600	8,203–13,221	10,400–17,556	9,600–12,848	10,500–15,275	9,535–18,000	10,400–11,500	8,050–14,565	9,850–16,342	

Notes:

(1) It is expected that the total number of residential care places and number of residential care places under the EBPS will decrease to 104 and 72 respectively upon completion of the upgrade which is currently expected to take place in the fourth quarter of 2017.

(2) It is expected that the total number of residential care places and number of residential care places under the EBPS will decrease to 88 and 61 respectively upon completion of the upgrade which is currently expected to take place in the fourth quarter of 2017.

(3) It is expected that the total number of residential care places will decrease to 71 while the number of residential care places under the EBPS will remain at 43 respectively upon completion of the upgrade which is currently expected to take place in the fourth quarter of 2017.

(4) Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the possible acquisition of the Target Company which is the licence holder of an existing care and attention home in Hong Kong. For details of the MOU, please refer to the paragraph headed "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" of this prospectus.

We believe that we are well-positioned to capture market opportunities in the growth of RCHE industry in Hong Kong. We have a successful track record in the establishment and management of care and attention homes operating under our own brand name. We intend to strengthen our market position and build upon our experience and successful track record as a leading operator of residential care homes for the elderly in Hong Kong by further expanding our existing network of care and attention homes. See "Our Strategies" in this section for further details. We believe that these strategies will assist us to expand our business to achieve higher growth and profitability.

Our total revenue increased from approximately HK$147.9 million for the year ended 31 March 2014 to HK$163.8 million for the year ended 31 March 2015 and further increased to approximately HK$172.7 million for the year ended 31 March 2016, representing a CAGR of approximately 8.1%. In addition, our revenue increased by 4.2% from approximately HK$56.9 million for the four months ended 31 July 2015 to HK$59.3 million for the four months ended 31 July 2016. Set forth below is a breakdown of our revenue contribution from (i) rendering of elderly home care services for the elderly; and (ii) sale of elderly home related goods and provision of health care services, for the periods indicated.

	Revenue									
	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (Unaudited)	%	*HK$'000*	%
Rendering of elderly home care services	125,006	84.5	139,490	85.2	146,919	85.0	48,315	84.9	50,979	86.0
Sale of elderly home related goods and provision of health care services	22,931	15.5	24,295	14.8	25,830	15.0	8,572	15.1	8,296	14.0
Total	147,937	100.0	163,785	100.0	172,749	100.0	56,887	100.0	59,275	100.0

OUR COMPETITIVE STRENGTHS

We believe that we possess the following competitive strengths which differentiate us from our competitors.

Leading position as a well-recognised brand with an established network of care and attention homes participating in the Enhanced Bought Place Scheme

We have a long history of operation beginning in 1989. We are a leading operator of residential care services for the elderly in Hong Kong with an established network of nine care and attention homes participating in the Enhanced Bought Place Scheme. We believe that we have successfully built up our reputation under the "Pine Care Group" brand, providing quality services to our residents and allowing them to receive comfort and professional care in a safe and home-like environment. In addition, to enhance our brand image, we have engaged an artist with a healthy image, Mr. Lau Dan (劉丹) in Hong Kong as our brand's spokesperson. Our Directors believe that a strong customer recognition of the "Pine Care Group" brand together with our quality services have enabled us to continuously achieve high occupancy rates. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our average monthly occupancy rates were approximately 92.7%, 93.5%, 94.3% and 95.0%, respectively.

As a leading operator of residential care homes for the elderly in Hong Kong, our nine care and attention homes operating under our "Pine Care Group" brand are strategically located in densely populated regions across five districts in Hong Kong. We are able to benefit from the demand for residential care services for the elderly coming from various districts in Hong Kong. Through our strategic selection of sites, our Directors believe that the prime locations of our care and attention homes facilitate our residents and their family members to maintain close contacts thereby perpetuating higher demand for our residential care services. Most of them are located near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. As at the Latest Practicable Date, four of our care and attention homes and the ground floor and the whole of 1st and 2nd floors of Pine Care (Tak Fung) Elderly Centre were operated in properties owned by our Group.

Our participation in the Enhanced Bought Place Scheme indicates that our care and attention homes which currently comprise EA1s and EA2s, have higher spacing and staffing standards than those set out under the RCHE Code of Practice issued by the SWD. Such enhanced standards apply to all of our care and attention homes (including those individual residential care places that are not purchased by the SWD under the EBPS) regardless of the number of residential care places purchased by the SWD pursuant to the Enhanced Bought Place Scheme in those homes. Acknowledging our quality of services through an open set of assessment of criteria covering aspects such as the environment, facilities, services quality, management of our care and attention homes and our past records, in 2015, our Group had the most number of places purchased by the SWD pursuant to the Enhanced Bought Place Scheme, accounting for approximately 9.3% of the total number of residential places purchased by the SWD under the EBPS. For the three years ended 31 March 2016 and the four months ended 31 July 2016, all of our care and attention homes had participated in the Enhanced Bought Place Scheme pursuant to which the SWD had purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue generated from the payment of base rate of places purchased by SWD under the EBPS and the monthly residential fee paid by the residents who participated under the EBPS, accounted for approximately 57.1%, 59.5%, 58.6% and 58.3% of our total revenue, respectively.

We believe that our success is also demonstrated by the awards/accreditations we have received. The following table sets out certain major awards/accreditations we have received since our inception:

Awards/accreditations	Awarding organisation	Year of award
Residential Care Home Quality of Service and Full Accreditation Award (安老院舍優質服務全面參與獎)	Hong Kong Association of Gerontology	2011–2015
Residential Aged Care Accreditation Scheme	Hong Kong Association of Gerontology	2010–2016
ISO 9001 Quality management certification on design and provision of residential care services for the elderly	Hong Kong Quality Assurance Agency	2002–2016
Residential Care Services Quality Team Scheme	SWD	2013–2016
Silver Award of Hong Kong Outstanding Residential Care Homes Award 2009 (2009年度香港傑出安老院舍獎銀獎)	Hong Kong Association of Gerontology	2009
Caring Company	The Hong Kong Council of Social Service	2016

Provision of quality services with a well-established and efficient management system as a platform for future growth

We believe our continuous dedication to providing quality residential care services for the elderly helps us differentiate ourselves from our competitors, retain existing customers and attract new customers.

Our Company's motto of "Respecting the Elderly as Family" (敬老如親) is the embodiment of our commitment to ensure that (i) the residents staying in our care and attention homes can receive comfort and professional care in a safe and home-like environment; (ii) their physical and psychosocial needs can be met; (iii) they can maintain privacy, dignity and self-respect; and (iv) they can realise their full potential to improve quality of life.

Our dedication to providing quality services is evident in the establishment of our quality assurance monitoring committee to monitor, inspect and regulate the provision of residential care services for our residents. The primary purpose of our quality assurance monitoring committee is to oversee the quality of residential care services provided to our residents. The quality assurance monitoring committee is responsible for conducting surprise audits on our care and attention homes and subsequent to such audits, provide objective feedback to improve our operation processes. In addition, the establishment of a complaint handling mechanism to accept confidential and anonymous concerns in respect of our standard of services allows our residents to raise questions and issues to light without fear of retribution. We also design individual care plans for each of our residents, setting targets for each of them to promote health improvements.

We have a well-established and efficient management system which primarily comprises the following aspects:

- ***Standardised business model:*** Each of our care and attention homes follows a standardised business model with consistently high-quality service standards. We implemented a comprehensive set of guidelines to govern our operations including standardised operating procedures, training manuals and internal control policies. Our highly standardised business model is a key element of our sustainable growth and a basis to support expansion. It allows us to efficiently transfer knowledge and adopt best practices when opening new care and attention homes. In addition, standardised operations allow us to maintain the provision of consistently high-quality residential care services to our residents.

- ***Tailor-made information system:*** To streamline our operations, we have self-developed our own in-house customised care and attention home management software which provides point of care electronic documentation tailored made to our operations, documenting information such as personal details of our residents, vaccination records, hospitalisation/clinical visit records, medication records, accident records, individual care planning and social worker follow up records.

Our high standard of services is also evident in our accreditation with the Residential Aged Care Accreditation Scheme ("**RACAS**") of Hong Kong Association of Gerontology granted to us since 2010. Such scheme accredits residential aged care homes with enhanced service quality under a comprehensive system, and is currently the only scheme in Hong Kong being recognised by the International Society for Quality in Health Care, an international organisation. To qualify for accreditation under the RACAS, our care and attention homes have, among others, (i) established an effective governance; (ii) provided a safe, hygienic and comfortable environment, facilities and services for our residents; (iii) established a set of planning, supervision and service improvement process to meet the needs of our residents; and (iv) established an effective information management system.

In addition, evident of our efficient management system, we have been accredited with the internationally recognised ISO 9001 quality management certification in respect of the provision of residential care services for the elderly since 2002. Such certification confirms our quality management in various aspects including but not limited to customer centricity, standardised operational model, employee participation, file management, workflow management, continuous improvement, corrective and preventive actions and high transparency.

We believe that the provision of consistently high quality residential care services to our residents has enabled us to maintain continuously high occupancy rates. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our average monthly occupancy rates were approximately 92.7%, 93.5%, 94.3% and 95.0%, respectively.

We are well-positioned to capture opportunities in the growing elderly home market in Hong Kong

As mentioned in the Ipsos Report, there is a surging demand for residential care services in residential care homes for the elderly in Hong Kong. From 2016 to 2020, the population of the elderly aged 65 and above is forecasted to grow at a CAGR of approximately 4.5% from approximately 1.2 million in 2016 to about 1.4 million in 2020. Concurrently, the old-age dependency ratio in Hong Kong is also expected to rise from approximately 21.9% to approximately 26.5% throughout the said period. Another factor contributing to the growth in demand for residential care services in RCHEs in Hong Kong is the increase in incidence of chronic diseases and physiological deterioration among the elderly. Among those aged 60 or above, the percentage of those having one or more chronic diseases increased from approximately 59.0% in 2007 to approximately 61.8% in 2013, whereas the percentage of those having one or more disabilities increased from approximately 21.5% in 2007 to approximately 28.4% in 2013. Moreover, the demand for a place in RCHEs is also high as a result of the relatively high institutionalisation rate of the elderly in Hong Kong due to the inability of some of the families to take care of frail elderly family members at homes. The strong demand for a subsidised place can be evident by the number of applicants waiting for a place in the Central Waiting List.

According to the Ipsos Report, at the end of December 2015, there were a total of 33,163 applicants on the Central Waiting List for subsidised RCHE places, of which there were 27,050 applicants for care and attention homes, and the average waiting time for a place in a subsidised care and attention home was 20 months while that for a private RCHE under the EBPS was eight months. See "Industry Overview — Supply and demand of the RCHE industry in Hong Kong — Demand for subsidised RCHE places in Hong Kong" and "Industry Overview — Recurrent expenditure by the Hong Kong Government on the provision of subsidised RCHE places in Hong Kong" in this prospectus for further details. Furthermore, pursuant to the Policy Address 2016, the Hong Kong Government has set out a series of measures to support and care for the elderly by: (i) providing more subsidised places for residential care services to meet the long-term care needs of frail elderly persons in which the Hong Kong Government plans to provide 1,700 new subsidised residential care places for the elderly in phases from the financial year 2014–15 to 2017–18 and another 1,700 places will be provided through developing and renovating vacant premises in 16 development projects and sites; (ii) strengthening the inspection and monitoring of RCHEs; and (iii) converting existing EA2 places to EA1 places which are of a higher quality.

As a leading care and attention home provider in Hong Kong with a network of nine care and attention homes and a proven track record of providing quality services, we believe that we are well-positioned to capture market opportunities and facilitate our growth prospects. We believe that our extensive experience and solid market position have, and will also continue to, put us in a favourable position to tap into the accelerated development of this industry.

We have an experienced and dedicated management team equipped with relevant expertise in the industry and a team of high calibre professionals and supporting personnel

We attribute much of our success in the elderly home market to the members of our management team who have played significant roles in laying the foundation of our business. The members of our management team have extensive industry and management experience and possess in-depth knowledge in the RCHE industry. Our executive Directors have on average more than 12 years experience in the RCHE industry. In particular, Mr. Elson Yim, our executive Director, has over 27 years of experience in the RCHE industry, and therefore he has an in-depth understanding of the market trends and policy changes in the industry. Further, each member of our senior management team has worked with our Group for over 18 years and possesses extensive experience and technical knowledge in the RCHE industry. We believe that our management team have been instrumental to our growth throughout the year, and under their effective management, our Group has achieved pioneering records over the years of our operations.

Please refer to the paragraphs headed "Directors and Senior Management — Directors" and "Directors and Senior Management — Senior Management" in this prospectus for further details. We believe that expertise and experience of our management team are of great value to our Group and under the continued leadership of our management, we are well-positioned to further enhance our reputation and further expand our business scale in Hong Kong, and in turn consolidate our presence in the RCHE industry.

We believe that our high-calibre team of professionals and supporting personnel are also key to our success and to maintain our market position. We have a team of qualified and experienced professionals to provide medical, therapeutic and caretaking services to our residents. As at the Latest Practicable Date, we had qualified staff comprising 72 registered/enrolled nurses, two physiotherapists, 20 social workers and 75 health workers. Also, we had nine home managers, 165 care workers, 17 physiotherapist assistants and 89 ancillary workers, who provide residential care services for our residents. Please refer to the paragraphs headed "Our Qualified Staff" and "Our Employees and Contractors" in this section for further details of our team of professionals during the Track Record Period and as at the Latest Practicable Date.

We believe that our team of professionals and supporting personnel are able to provide continuous and all-rounded services to the residents. A number of our employees have specialised backgrounds and extensive experience in caretaking and therefore are able to incorporate their knowledge and skills so as to accommodate the needs and special conditions of each resident.

Other advantages over our competitors

According to the Ipsos Report, as one of the market leaders in the private RCHE industry, our Group possesses many advantages over other RCHE operators, including:

- *all our Group's homes are accredited under the Residential Aged Care Accreditation Scheme (RACAS) by the Hong Kong Association of Gerontology*. RACAS is the only accreditation scheme in Hong Kong to be recognised by the International Society of Quality in Healthcare (ISQua) and aims to promote quality of care through streamlining the processes of monitoring the RCHEs and to serve as a quality reference benchmark for the public when selecting a RCHE. Currently, only 37 RCHEs are accredited under RACAS and each accreditation cycle lasts 3 years with an annual review on each home;

- *the SWD purchases a significant amount of places in the Group's homes under the EBPS*. Currently, the SWD purchases 747 places in the Group's care and attention homes under the EBPS, which is approximately 9.3% of the total number of places under EBPS in Hong Kong;

- *the structure of our Group enables it to mitigate issues relating to rising operational costs*. Our Group owns four premises and the ground floor, 1st and 2nd floor of a premises in respect of Pine Care (Tak Fung) Elderly Centre which it operates in and therefore, it reduces the threats of rising rental rates. Due to our Group's organisational culture, it faces minimal complications with staff hiring and retention; and

- *our Group adopts a unique and comprehensive approach in providing top-notch residential care to its residents*. Each elderly resident undergoes a health checkup upon starting their stay at our Group's care and attention homes and based on a resident's needs, individual care plan is developed for the resident. All these details, along with the elderly's health history are entered and stored in our Group's in-house software system that was specially developed for RCHEs. Throughout the resident's stay, the personal health-management portfolio information in the system will be used for the health management of the resident.

OUR STRATEGIES

Continue to expand our network of care and attention homes in Hong Kong

Horizontal expansion

According to the Ipsos Report, there is a surging demand for residential care services in RCHEs in Hong Kong mainly due to (i) an aging population; (ii) an increase in incidence of chronic diseases and physiological deterioration among older people; and (iii) a high institutionalisation rate due to the inability of some of the families to take care of frail elderly family members at homes. We aim to leverage our successful track record and extensive experience in the RCHE industry and to enhance our market presence by expanding our network of care and attention homes across Hong Kong. After the Listing, we intend to expand our network by one care and attention home through acquisition of a suitable property pursuant to which a new care and attention home will be established. Such new care and attention home is targeted to fulfil the EA1 requirements pursuant to the EBPS and will replicate our business model and provide the type and quality of services at a fee similar to those offered by our existing care and attention homes.

The following tables sets forth details and indicative timetable of our expansion plan in relation to the establishment of a new care and attention home under our "Pine Care Group" brand:

Location	Current status	Expected date of commencement of business	Estimated scale
Hong Kong Island	Target property selection stage	June 2018	GFA: minimum of 8,000 sq.ft.

Event	Timetable
Target property selection stage and performance of due diligence work	January to April 2017
Execution of sale and purchase agreement	April 2017
Completion of sale and purchase agreement	August 2017
Renovation work	August 2017 to February 2018
Final inspection of renovation	February 2018
Submission of RCHE license application	February 2018
Vetting of RCHE licencing application and site inspection by LORCHE	February to June 2018
Fine tuning of modification works based on suggestions by LORCHE	March to June 2018
Recruitment activities	April to May 2018
RCHE licence obtained and no objections/ approvals from relevant regulatory authority	June 2018
Commencement of business	June 2018

We are identifying and evaluating a suitable target property in Hong Kong for the establishment of the new care and attention home, so as to grasp opportunities in areas where we consider the demand for residential elderly care services to be strong and unmet. We will consider various factors in selecting the acquisition target property, including (i) ability to establish residential care places capacity of 70 to 100; (ii) accessibility of the location; (iii) location of any new markets with rising potential of residential care services; (iv) customer base; and (v) satisfaction of licensing requirement of the LORCHE pursuant to site inspection by our licensing consultant.

We estimate that total acquisition cost of the new property which is suitable to house a care and attention home with residential care places of 70 to 100 will be approximately HK$96.4 million, comprising (i) the value of the property; (ii) the stamp duty; and (iii) commission and other relevant miscellaneous charges. We estimate that the initial capital expenditure for the establishment of the new care and attention home (excluding the acquisition cost of the target property) will be approximately HK$9.0 million, mainly for renovations. Our Directors consider that the new care and attention home (i) achieves a breakeven when its monthly revenue is able to cover its monthly operating costs and expenses on an accounting basis; and (ii) achieves an investment payback when its accumulated net cash inflow since its commencement of operation is able to cover the total initial capital expenditure (excluding the acquisition cost of the property) mainly for renovations. To our Directors' best estimation, based on our management's experience in establishing care and attention homes in Hong Kong, the breakeven period of our new care attention home is expected to be approximately seven months from the commencement of business and the investment payback period to cover the renovations is expected to be approximately 29 months from the commencement of business.

The aggregate consideration for the acquisition of the new property is expected to be in the amount of approximately HK$96.4 million, including the property value in the amount of approximately HK$88.0 million, the entire stamp duty and commission, as well as relevant miscellaneous charges. We plan to finance the above costs in the following manner: (i) approximately HK$89.8 million, representing approximately 93.2% of the aggregate consideration, will be funded by the Net Proceeds; (ii) approximately HK$6.6 million, representing approximately 6.8% of the aggregate consideration, will be funded by bank borrowings; and (iii) initial capital expenditure of approximately HK$9.0 million and monthly operating expenses of approximately HK$1.1 million are expected to be funded by our internal resources.

To cope with the horizontal expansion strategy, we have also implemented an internal control policies pursuant to which we have assigned Mr. Billy Yim, our executive Director to collect information on the property market in Hong Kong on monthly basis in order to maintain record of latest available properties which are suitable for running care and attention home for acquisition and rental purposes. Furthermore, Mr. Ma Wing Wah, our non-executive Director, who is an Authorized Person under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) will update our management from time to time in respect of any change in regulatory requirement on the premises used for care and attention home. We believe that such policies would enable us to keep track of the trend of Hong Kong property market as well as the availability of suitable properties for further expansion.

Private sector expansion

According to the Ipsos Report, (i) there is a surging demand for residential care services in RCHEs in Hong Kong; and (ii) rising standards of living will drive demand for better quality residential care services. According to the Ipsos Report, there was a steady increase in average annual household disposable income from approximately HK$655,000 in 2011 to approximately HK$784,100 in 2015 which reflects an increasing ability of Hong Kong families to afford RCHEs that are more expensive but are able to provide a high quality of care to elderly residents. In June 2016, RCHEs with high-end monthly residential fees of approximately HK$27,000 or above represented the minority of all RCHEs, accounting for approximately 2% of the total number of RCHEs in Hong Kong. The average occupancy rate of such RCHEs was around 87% in June 2016. As such, we expect the demand for private care and attention homes that offer high quality services (excluding participation in the Enhanced Bought Place Scheme) to exhibit growth.

In addition to the new care and attention home we intend to acquire under our horizontal expansion above, we plan to further enhance our revenue base by establishing a new private care and attention home under the Pine Care Place Development Plan that will offer a customised high quality experience solely for individual customers with (i) a living space with gross floor area of 45.7 sq.m. per resident; (ii) a labour ratio of approximately 61.7%; (iii) provision of services such as visiting medical officers, nursing, individualised care plans, rehabilitation, dementia training, massage therapy and personalised meals; (iv) a high standard of accommodation such as luxurious couple suites and luxury single rooms; (v) enhanced facilities such as indoor garden, occupational therapy room and assisted shower room; and (vi) leisure activities which can be arranged on demand. We believe that the establishment of such new care and attention home would further enhance our reputation in the industry by offering a wide range of quality services that cater for the needs of the elderly.

As at the Latest Practicable Date, save for the Pine Care Place Development Plan and the Possible Acquisition, we had not yet identified any targets, nor had we formulated any specific acquisition plans or entered into any definitive agreements for any potential targets for our expansion in private sector. Please refer to the sub-paragraph headed "Pine Care Place Development Plan" and "Possible Acquisition for Relocation of Pine Care (Po Tak Branch) Elderly Centre" in this section below for further details.

We intend to fund the Pine Care Place Development Plan partly with the net proceeds from the Share Offer and partly with our internal resources and bank borrowings, as appropriate. See "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus for further details.

Continue to retain skilled workforce through systematic training and professional development

Part of our success over the years has been attributed to our dedicated management and workforce. As such, we believe our commitment to employee excellence will lead to the continued growth of our business and improve the quality of services provided to our residents. Accordingly, we will continue to increase efforts in retention and human resources management. We believe that such efforts will enhance our reputation and appeal as an employer of choice in the RCHE industry.

We will continue to implement the following retention initiatives:

- implement internal rotation system for management personnel to provide greater exposure to our operations;
- develop a career advancement program to establish a clear identifiable long-term career path to motivate our employees; and
- devise rewards programs which would encourage our staff to attend training courses offered by external institutions.

We intend to fund this strategy through our internal resources and/or bank borrowings, as appropriate.

Continue to strengthen our information systems

We plan to continue to strengthen our information systems and improve our operation processes in order to enhance the service capability of our network of care and attention homes. We will continue to (i) implement financial applications to facilitate the money management of our operations; (ii) develop mobile applications to allow residents or their families to access, among others, profiles of our residents, medical records, progress reports and bill payments; and (iii) develop staffing and rostering software to facilitate human resources management.

We intend to fund this strategy through our internal resources and/or bank borrowings, as appropriate. Please refer to the paragraph headed "Information Technology" in this section for further details of our existing information system.

PINE CARE PLACE DEVELOPMENT PLAN

Background

Our Group, through Pine Care Elite, our indirect wholly-owned subsidiary, entered into the Pine Care Place Tenancy Agreement with an Independent Third Party in respect of the rental of a premises with a gross floor area of 33,424 sq.ft. (equivalent to approximately 3,105 sq.m.) at Yoho Mall I (Extension) (as defined below) situated in Yuen Long, New Territories, Hong Kong which is customised for RCHEs.

Pursuant to the said agreement, our Group will operate a care and attention home under the trade name of "Pine Care Place (松齡雅苑)".

As at the Latest Practicable Date, we had (i) paid the rental and management fee deposit of approximately HK$1.8 million in respect of the Pine Care Place Tenancy Agreement; (ii) incurred fees of approximately HK$4.8 million in respect of screeding, wall plastering, ventilation and air-conditioning works, fire services and electrical works and deposits for purchase of equipment; and (iii) engaged a designer in respect of the design of Pine Care Place.

Reasons for the Pine Care Place Development Plan

Due to the surging demand for residential care services in RCHEs in Hong Kong and rising standards of living driving the demand for better quality residential care services, we plan to further enhance our revenue base by establishing a new private care and attention home that will offer a customised high quality experience solely for individual customers in a newly developed property project with various residential and commercial properties.

Services and facilities to be offered at Pine Care Place will have (i) a living space gross floor area of 45.7 sq.m. per resident; (ii) a labour ratio of approximately 61.7%; (iii) provision of services such as visiting medical officers, nursing, individualised care plans, rehabilitation, dementia training, massage therapy and personalised meals; (iv) a high standard of accommodation such as luxury couple suites and luxury single rooms; (v) enhanced facilities such as indoor garden(s), occupational therapy room(s) and assisted shower room(s); and (vi) leisure activities which can be arranged on demand.

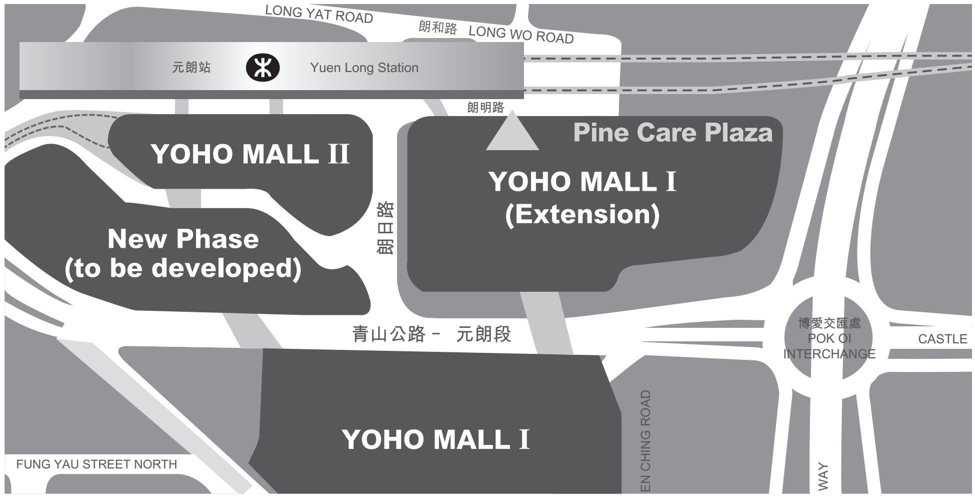
According to the Ipsos Report, the strong demand for residential care services in Hong Kong is primarily due to an aging population, an increase in incidence of chronic diseases and physiological deteriorations among older people and high institutionalisation rates due to inability of some of the families to take care of frail elderly family members at homes. In addition, there was a steady increase in average annual household disposable income from approximately HK$655,000 in 2011 to approximately HK$784,100 in 2015 which reflects an increasing ability of Hong Kong families to afford RCHEs that are more expensive but are able to provide a high quality of care to elderly residents. According to a bank survey, in 2015, it was estimated that 56,000 people with an average age of 58 years old in Hong Kong had over HK$10.0 million and an average total net asset worth of approximately HK$49.0 million, as supported by the Ipsos Report. It is anticipated that the number of elderly who are able to afford RCHEs with high-end monthly residential fees of HK$27,000 or above, will grow when these people age. The average occupancy rate of such RCHEs was approximately 87% in June 2016. We expect that these factors will continue to drive the demand for high quality care and attention homes and represent a good opportunity to diversify and expand the business of our Group into the provision of residential care services with high-end monthly residential fees of HK$27,000 or above.

We have accumulated an extensive experience in the RCHE industry having operated care and attention homes in Hong Kong for over 27 years. Leveraging on our (i) well-recognised "Pine Care Group" brand; (ii) a strong track record as an operator of our nine care and attention homes with consistently high average monthly occupancy rates in respect of individual customers for the three years ended 31 March 2016 and the four months ended 31 July 2016 of approximately 86.6%, 86.6%, 88.1% and 89.8%, respectively; and (iii) an experienced and dedicated management team with in-depth knowledge of the RCHE industry, we endeavour to establish and operate Pine Care Place solely for individual customers that will offer a customised high quality experience. Pine Care Place will be operated with more customised services based on our standardised business model and tailor made information system.

Location

Pine Care Place will be located on the ground level to level 3 (a premises customised for the operation of RCHEs) of Yoho Mall I, an extension of a shopping centre situated in Yuen Long, New Territories West, Hong Kong ("**Yoho Mall I (Extension)**"). Yoho Mall I (Extension) is part of a commercial accommodation project comprising residential accommodation, and retail space which is expected to be completed by the end of 2016. It will be a convenient location directly connected to the Yuen Long MTR station with a footbridge. In addition, it is expected that Yoho Mall I (Extension) will also provide a car park with close to 2,000 parking spaces and a direct shuttle bus service will be available for certain residential estates.

Set out below is a map showing the location of Pine Care Place in Yuen Long, New Territories, Hong Kong:



Pine Care Place Tenancy Agreement

The Pine Care Place Tenancy Agreement was entered into between Pine Care Elite and the landlord which is an Independent Third Party.

The Pine Care Place Tenancy Agreement is for a term of six years which is expected to commence from February 2017 (subject to the notification to move in to the premises from the landlord). The said premises includes the ground level to level 3 of Yoho Mall I (Extension) and comprises a gross floor area of 33,424 sq.ft. (equivalent to approximately 3,105 sq.m.). It is restricted to be used for the purpose of operating a RCHE under the trade name of "Pine Care Place (松齡雅苑)". Pursuant to the Pine Care Place Tenancy Agreement, we are required to pay the rent which is to be determined as a sum of specific fixed amount and a contingent amount calculated based on a fixed percentage of 25% of the monthly turnover if such monthly turnover exceeds a certain amount.

Residence, pricing, services and amenities

Provision of residence and pricing

The following table sets out certain information in relation to the rooms of Pine Care Place:

Type of rooms	Number of rooms	Number of beds	Proposed basic rate of residential care place per month *(Note)*
			(HK$)
Luxury Couple Suites	2	4	39,800
Luxury Single Rooms	3	3	39,800
Standard Single Rooms	27	27	32,800
Two Person Rooms	8	16	26,300
Six Person Rooms	3	18	19,800
Total	43	68	

Note: Proposed basic rate does not include fees for the provision of additional care services.

Pine Care Place will command a higher rate of residential care place per month relative to our existing care and attention homes. Contrary to our current nine care and attention homes in which residents typically reside in cubicles, Pine Care Place will mainly offer five types of residential care places, namely luxury couple suites (“**Luxury Couple Suites**”), luxury single rooms (“**Luxury Single Rooms**”), standard single rooms (“**Standard Single Rooms**”), two person rooms (“**Two Person Rooms**”) and six person rooms (“**Six Person Rooms**”). Save as the three Six Person Rooms, the four types of our residential care places at Pine Care Place are designed to mimic a luxury apartment, consisting of a living room, dining room, one to two bathrooms and various bedrooms. Such arrangement is designed to foster social interaction among flatmates while maintaining privacy. Our residents at Pine Care Place will also enjoy a living space with gross floor area of 45.7 sq.m per resident relative to our EA1’s and EA2’s care and attention homes with a living space of a net floor area of 9.5 sq.m and 8 sq.m per resident, respectively. Luxury Couple Suites contain two bedrooms separated by a moveable partition, one living room and one bathroom. Luxury Single Rooms are either more spacious than Standard Single Rooms and/or contain their own private bathrooms. Amenities installed in each bedroom includes electrical bed(s), personal television(s), ceiling fan(s), Wi-Fi, call bell(s), closet(s), bedside table(s) and night light(s).

Services and amenities

In addition to the existing types of services offered in our current nine care and attention homes such as (i) provision of residence; (ii) professional nursing and caretaking service; (iii) nutritional management; (iv) medical services; (v) physiotherapy services; (vi) psychological and social care; and (vii) individual care plans (see “Business — Our Services and Sales — Rendering of elderly home care services” in this prospectus for further details). Pine Care Place will offer (i) a higher labour ratio of approximately 61.7% (as compared to our existing EA1 staffing requirement of approximately 40% assuming operating at a full capacity); (ii) personalised meal options designed by a dietitian on a daily basis; (iii) dementia training by an occupational therapist; (iv) a massage therapy; and (v) visiting Chinese medical services. Our services at Pine Care Place will emphasise on the provision of an individualised experience with a higher labour ratio which will enable our staff to cater to each resident’s specific needs. Personalised meal options pre-designed by a dietitian can be ordered and delivered on demand and leisure activities such as cooking, calligraphy or tai-chi classes can be arranged on demand.

The following table sets out details of services and amenities offered at our existing care and attention homes as at the Latest Practicable Date and facilities to be offered at Pine Care Place:

	Pine Care Centre *(Note)*	Pine Care (Tak Fung) Elderly Centre *(Note)*	New Pine Care Centre	Pinecrest Elderly Centre *(Note)*	Pine Care (Manning) Elderly Centre	Pine Care Hong Fai Elderly Centre	Pine Care (Lee Foo) Elderly Centre	Pine Care (Po Tak) Elderly Centre	Pine Care (Po Tak Branch) Elderly Centre	Pine Care Place
Net floor area per resident (m^2)	8	8	9.5	8	9.5	9.5	9.5	9.5	9.5	45.7 (gross floor area)
Services and amenities										
Geriatrician outreach programs	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Psychiatrist outreach programs			✓	✓		✓	✓	✓	✓	
Visiting medical officer .	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Personalised meals by dietitian										✓
Dementia training by occupational therapist										✓
Massage therapy										✓
Visiting Chinese medical services										✓
Hair salon.	✓		✓					✓	✓	✓
Centralised dispensary. .	✓		✓		✓	✓		✓	✓	✓
Physiotherapy room . . .	✓		✓		✓	✓		✓		✓
Snack kiosk	✓		✓					✓	✓	✓
Sensory therapy room. .			✓			✓		✓		✓
Movie theatre			✓							✓
Private elevator		✓	✓		✓	✓		✓		✓
Personal television. . . .		✓	✓			✓	✓			✓
Computer corner.			✓							✓
Nursing station.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical room.								✓		✓
Small group activity room.										✓
Indoor garden										✓
Occupational therapy room.										✓
Assisted shower room. .										✓
Treatment room										✓
5 way adjustable medical beds										✓
Facial recognition wandering detection system										✓
Virtual reality cognitive training										✓

Note: It is expected that the net floor area per resident of these care and attention homes will increase in order to meet the requirement of minimum net floor area per resident of 9.5 m^2 for EA1 classification under the RCH(EP)R upon completion of the upgrade which is currently expected to take place in the fourth quarter of 2017.

Expected timetable

The following table sets forth our indicative timetable for the opening of Pine Care Place:

Event	Timetable (2017)
Renovation work	February to May
Final inspection of renovation	May
Submission of RCHE licence application	May
Vetting of RCHE licencing application and site inspection by the LORCHE	May to September
Fine tuning of modification works based on suggestions by the LORCHE	June to September
Recruitment activities	July to August
RCHE licence obtained and no objections/approvals from relevant regulatory authority	September
Commencement of business	September

Marketing strategies

Leveraging on our successful track record and extensive experience in the RCHE industry, we position Pine Care Place as a care and attention home with high-end monthly residential fees of HK$27,000 or above and our marketing strategy is to increase awareness of such option for family members of affluent elderly aged 60 and above with a need for moderate to high levels of nursing care. Our marketing efforts will be directed at affluent residential areas in Hong Kong.

We intend to focus on advertising through a variety of media, including buses and billboard outdoor advertisements, printed media advertisements and editorials in magazines, television and news stories, and the launching of marketing activities online such as keyword searches and banner advertisements. We also intend to hold a grand opening ceremony and invite distinguished guests from the RCHE industry as well as our celebrity spokesperson, Mr. Lau Hing Kee, with the stage name of Mr. Lau Dan (劉丹).

Expected impact on our Group

Operational impact

We expect to allocate existing and engage new employees to support its establishment and operation. We will assign (i) the existing Head Social Worker of our Group ("**Head Social Worker**") or comparable staff, to act as the home manager of Pine Care Place; and (ii) the existing Nursing Supervisor of Pine Care (Manning) Elderly Centre ("**Nursing Supervisor**") or comparable staff to act as the Head of Nursing of Pine Care Place. The Head Social Worker and Nursing Supervisor have 12 years and 16 years of experience in the RCHE industry in Hong Kong respectively. Such reallocation of our employees will not have an impact on the fulfilment of staffing requirements of our existing care and attention homes pursuant to the EBPS as (i) all of our care and attention homes have on average exceeded the staffing requirements pursuant to the EBPS; and (ii) Pine Care (Manning) Elderly Centre has exceeded the staffing requirements pursuant to the EBPS. Due to such reallocation, we will replenish our staff either through internal promotion within our Group or experienced hire outside our Group. We intend to recruit staff with a minimum of two years of experience based on their qualifications, work experience, reputation and suitability which will be assessed through interviews conducted by the home manager of Pine Care Place. We expect that the staffing requirements at Pine Care Place will exceed those of the EA1 classification of our existing care and attention homes.

Our Directors confirm that the Pine Care Place Development Plan will not have a material adverse impact on the existing operations of our Group.

Financial impact

Budget plans

We estimate that the initial capital expenditure for the opening of Pine Care Place will be approximately HK$21.8 million which will be mainly used for the interior fit-out of the premises, purchase of equipment and furniture, installation of ventilation and air conditioning, fire services equipment and systems, screeding and wall plastering, kitchen and laundry, payment of design fees and marketing costs, engagement of a licensing consultant and payment of capitalised rental and utilities fees during renovation period before commencement of the business.

Based on our previous experience in operating our existing care and attention homes, we estimate that the operating expenses of Pine Care Place for the seven months following expected date of commencement of business in September 2017 (i.e. the seven months ending 31 March 2018) will be approximately HK$9.0 million comprising (i) depreciation expenses of approximately HK$2.5 million; (ii) rent and building management fees of approximately HK$3.2 million; and (iii) salary and other expenses of approximately HK$3.3 million.

We plan to finance the above costs and expenses by part of the net proceeds from the Share Offer. As at the Latest Practicable Date, we had (i) paid the rental and management fee deposit of approximately HK$1.8 million in respect of the Pine Care Place Tenancy Agreement; (ii) incurred fees of approximately HK$4.8 million in respect of screeding, wall plastering, ventilation and air-conditioning works, fire services and electrical works and deposits for purchase of equipment; and (iii) engaged a designer in respect of the design of the floor plan of Pine Care Place.

Payback period and breakeven points

For reference and illustration purpose only, set forth below is a highly hypothetical analysis on the payback period and breakeven points in respect of our investment in Pine Care Place built on an assumed scale of estimated occupancy rate. Our Directors consider that (i) Pine Care Place achieves a breakeven when its monthly revenue is able to cover its monthly operating costs and expenses on an accounting basis; and (ii) Pine Care Place achieves an investment payback when its accumulated net cash inflow since commencement of its operation is able to cover the total initial capital expenditure for the opening of Pine Care Place. To our Directors' best estimation, the analysis is based on a series of assumptions speculative in nature and may not reflect actual circumstances. In particular, the expected ramp up period was set with reference to (i) the ramp up period we experienced in our set up of Pine Care Hong Fai Elderly Centre (formerly known as Hong Fai Elderly Centre) in 2006; and (ii) the average occupancy rate of 87% for RCHEs with high-end monthly residential fees of HK$27,000 or above in accordance with the Ipsos Report. Such reference was made to Pine Care Hong Fai Elderly Centre as it was a care and attention home most recently established by our Group based on the standardised business model of our existing care and attention homes.

Pine Care Hong Fai Elderly Centre achieved similar occupancy rates in around seven months after commencement of its operations. Our Directors are of the view that such increase in occupancy rate was primarily due to the reputation and quality of Pine Care Hong Fai Elderly Centre, referrals by friends and families of the existing residents and intensified marketing efforts by our Group. As such, the analysis in respect of our investment in Pine Care Place is based on the ramp-up period of around seven months of Pine Care Hong Fai Elderly Care Centre to achieve an average occupancy rate similar to the average occupancy rate of approximately 87% for RCHEs with high-end monthly residential fees of HK$27,000 or above in accordance with the Ipsos Report. In addition, the analysis only reflects our current intention and estimation of the budget for Pine Care Place, and there is no assurance that our actual expenditure will not deviate from our current budget plan. Consequently, the estimated payback period and breakeven point may or may not accurately represent the actual investment payback period or breakeven point for our investment in Pine Care Place.

Our Directors consider that Pine Care Place will achieve an investment payback when its accumulated net cash inflow since commencement of its operation is able to cover the total initial capital expenditure amount of approximately HK$21.8 million.

It is estimated that the Pine Care Place will achieve an occupancy rate of approximately 87% in the seventh months after commencement of its operation which will then be assumed to remain stable. Such occupancy rate is estimated based on the average occupancy rate of existing RCHEs with high-end monthly residential fees of HK$27,000 or above.

Set out below is our analysis of the payback period and breakeven points.

	Base case
Estimated average number of residents in the first year of operations	47
Estimated average number of residents after the first year of operations	59
Payback period (commencement of its operations is estimated to take place in September 2017)	November 2021 (51 months)
Estimated breakeven points (commencement of its operations is estimated to take place in September 2017)	February 2018 (six months)

UPGRADE OF THREE OF OUR CARE AND ATTENTION HOMES

Background

In September 2016, we submitted applications ("**Upgrade Applications**") to the SWD in respect of the Upgrading Care and Attention Homes with EA2 classification to upgrade to EA1 classification pursuant to the Enhanced Bought Place Scheme. On 30 November 2016, we received conditional approval from the SWD in respect of our Upgrade Applications for all the Upgrading Care and Attention Homes.

Conditions of the Upgrade

Final approval in respect of the Upgrade by the SWD resulting in the entering of EBPS Agreements with the SWD is conditional upon, among others, (i) obtaining approval of new floorplans in respect of new bed configurations by the LORCHE; (ii) the Upgrading Care and Attention Homes having satisfied the staffing and spacing requirements for EA1 RCHEs; and (iii) at least 75% of the care workers in respect of each Upgrading Care and Attention Home having completed training courses accredited by the SWD.

Timetable of the Upgrade

The following table sets forth details and indicative timetable for the Upgrade:

Event	Timetable (2017)
Submission of new floorplans to LORCHE	March
Vetting and approval of new floorplans by the LORCHE	June
Renovation work	July
Recruitment activities to fulfil staffing requirements	July to September
Final inspection of renovation and notifying the SWD after completion of renovation	August
Site inspection by LORCHE	September
Carrying out of modification works based on suggestions by LORCHE	September
Entering into of new EBPS Agreements with the SWD	October

Impact of the Upgrade on our Group

Number of residential care places

The table below sets out details in respect of the existing state as at the Latest Practicable Date and the proposed status of the Upgrading Care and Attention Homes subsequent to the Upgrade:

	Pine Care Centre	Pine Care (Tak Fung) Elderly Centre	Pinecrest Elderly Centre
Existing status (class EA2)			
Total number of residential care places	124	105	84
Number of residential care places under the EBPS	83	73	43
Number of residential care places purchased by individual customers	41	32	41
Proposed status subsequent to the Upgrade (class EA1)			
Total number of residential care places	104	88	71
Number of residential care places under the EBPS	72	61	43
Number of residential care places purchased by individual customers	32	27	28

Although the total number of residential care places in these three care and attention homes will decrease after the Upgrade, it is expected that we will require additional staff such as registered/enrolled nurses and physiotherapists to meet the staffing requirement for class EA1 under the EBPS. Such manpower will be partially transferred from Pine Care (Po Tak Branch) Elderly Centre following the completion of the Possible Acquisition for its relocation and partially satisfied from new recruitment.

Financial impact on our Group

As a result of the Upgrade, pursuant to the EBPS, our Upgrading Care and Attention Homes will (i) receive a monthly base rate for residents enrolled under the EBPS payable by the SWD of HK$10,709 per residential place and our residents enrolled under the EBPS are required to pay a monthly residential fee amounting to HK$1,707 per resident for care and attention homes with EA1 classification, as compared to a monthly base rate for our residents enrolled under the EBPS payable by the SWD of HK$8,255 per residential place and our residents enrolled under the EBPS are required to pay a monthly residential fee amounting to HK$1,603 per resident for care and attention homes with EA2 classification; (ii) require to hire additional staff to cope with staffing requirements for EA1 RCHEs; and (iii) incur additional renovation costs. To our Directors' best estimation, it is currently expected that the total capital expenditure to be incurred for the Upgrade will be amounted to approximately HK$0.3 million for the year ending 31 March 2018 and no material depreciation would be incurred for the year ending 31 March 2018.

On the assumption that the occupancy rates of the Upgrading Care and Attention Homes in respect of individual customers and under the EBPS after the Upgrade will remain the same as those for the year ended 31 March 2016, we expect an additional (i) monthly revenue mainly due to a higher monthly base rate for residents enrolled under the EBPS payable by the SWD offsetting by a decrease in the total number of residential care places; and (ii) monthly staff cost.

OUR BUSINESS MODEL

We are an operator of our care and attention homes which provide residential care services for the elderly. Our business focuses on providing quality, all-rounded residential care services tailored to the needs of the elderly residents at our care and attention homes, including the provision of residence, professional nursing and caretaking services, nutritional management, medical services, physiotherapy services, psychological and social care and individual care plans. During the Track Record Period, our Group's customers primarily consisted of three groups, namely: (i) the SWD with which we entered into contractual arrangements pursuant to which the SWD purchased residential care places from our Group under the EBPS; (ii) individual customers who settled their own residential fee entirely by themselves; and those who were subsidised by the SWD under the EBPS but settled the unsubsidised portion by themselves; and (iii) a public hospital which purchased residential care places from our Group. All of our Group's end-user customers are individual customers.

The table below sets forth certain key information on our elderly care homes as at the Latest Practicable Date:

	District	Number of residential care places	Total number of staff *(Note 1)*	Saleable area/ Net floor area	Classification under the EBPS	Monthly residential fee (under the EBPS) *(Note 2)*	Range of monthly residential fee (Individual customers)
				('000 sq.ft.)		*(HK$)*	*(HK$)*
Pine Care Centre *(Note 3)*	Kowloon	124	45	10.7	EA2	9,858	8,650–13,600
Pine Care (Tak Fung) Elderly Centre *(Note 3)*	Kowloon	105	32	10.1	EA2	9,858	8,203–13,221
New Pine Care Centre	Kowloon	279	107	29.0	EA1	12,416	10,400–17,556
Pinecrest Elderly Centre *(Note 3)*	Kowloon	84	28	7.6	EA2	9,858	9,600–12,848
Pine Care (Manning) Elderly Centre	Kowloon	143	58	17.6	EA1	12,416	10,500–15,275
Pine Care Hong Fai Elderly Centre	Hong Kong	99	31	12.0	EA1	12,416	9,535–18,000
Pine Care (Lee Foo) Elderly Centre	Kowloon	50	16	5.4	EA1	12,416	10,400–11,500
Pine Care (Po Tak) Elderly Centre	New Territories	194	72	24.0	EA1	11,853	8,050–14,565
Pine Care (Po Tak Branch) Elderly Centre	New Territories	140	53	14.3	EA1	11,853	9,850–16,342
Total		1,218	442	130.7			

Notes:

(1) As at the Latest Practicable Date, three technicians and 12 administrative and management staff were not included in the total number of staff in the table above.

(2) As at the Latest Practicable Date, the monthly residential fee payable for a EA1 residential place of a private care and attention home located in Hong Kong Island and Kowloon purchased by the SWD under the EBPS was HK$12,416 comprising (i) the monthly base rate of HK$10,709 payable by the SWD and (ii) the monthly fee of HK$1,707 payable by the resident. In respect of a EA1 residential place of a private care and attention home located in New Territories purchased by the SWD under the EBPS, the monthly residential fee payable was HK$11,853 comprising (i) the monthly base rate of HK$10,146 payable by the SWD and (ii) the monthly fee of HK$1,707 payable by the resident.

In respect of a EA2 residential place of a private care and attention home located in Kowloon purchased by the SWD under the EBPS, as at the Latest Practicable Date, the monthly residential fee payable was HK$9,858 comprising (i) the monthly base rate of HK$8,255 payable by the SWD and (ii) the monthly fee of HK$1,603 payable by the resident.

(3) The applications for the upgrade from EA2 classification to EA1 classification of these care and attention homes have been conditionally approved on 30 November 2016 and the completion of upgrade is currently expected to take place in the fourth quarter of 2017.

Each of our care and attention homes consists of (i) a nursing division comprising nurses, health workers and care workers who assist residents in their daily activities; (ii) a physiotherapy division comprising physiotherapists and their assistants providing physiotherapy treatments to residents; (iii) a social worker division comprising social workers conducting assessment on residents, providing supportive counselling and conducting group therapy; and (iv) an infrastructure and facilities management division comprising mainly ancillary workers and chefs providing supporting services. They are all under the supervision of our home managers of our care and attention homes.

We generate revenue from (i) the rendering of elderly home care services (e.g. residence, professional nursing and caretaking services, nutritional management, medical services, psychological and social care and individual care plans and (ii) sale of elderly home related goods and provision of health care services which include the sale of diapers, nutritional milk, medical gloves, feeding bags and pH indicator to our residents on an as-needed basis and the provision of physiotherapy services at our physiotherapy clinic to walk-in individual customers. The table below sets out the revenue generated by each of the service categories provided by our Group and their percentage of our total revenue:

	Revenue									
	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Rendering of elderly home care services.	125,006	84.5	139,490	85.2	146,919	85.0	48,315	84.9	50,979	86.0
Sale of elderly home related goods and provision of health care services *(Note)*	22,931	15.5	24,295	14.8	25,830	15.0	8,572	15.1	8,296	14.0
Total	147,937	100.0	163,785	100.0	172,749	100.0	56,887	100.0	59,275	100.0

Note: Our Group operates and manages a physiotherapy clinic which provides physiotherapy services to (i) walk-in individual customers; and (ii) the residents of our care and attention homes. Throughout the Track Record Period, revenue derived from the provision of physiotherapy services to walk-in individual customers at our physiotherapy clinic amounted to approximately HK$0.2 million, HK$0.1 million, HK$0.1 million and HK$0.03 million, representing approximately 0.1%, 0.06%, 0.05% and 0.05% of our total revenue, respectively.

The table below sets out the recent performance of our care and attention homes:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2015	2015	2016
Average monthly occupancy rate *(Note 1)*					
— Overall residential care places (%)	92.7	93.5	94.3	92.7	95.0
— In respect of residential care places purchased by the SWD under the EBPS (%)	96.7	97.7	98.1	97.8	98.3
— In respect of residential care places purchased by individual customers (%)	86.6	86.6	88.1	84.7	89.8
Residential care places purchased by the SWD under the EBPS as a percentage of the total number of our residential care places (%)	60.3	61.3	61.3	61.3	61.3
Average monthly residential fee					
— In respect of residential care places purchased by the SWD under the EBPS *(HK$)* *(Note 2)*	9,423	10,872	11,294	11,294	11,566
— In respect of residential care places purchased by individual customers *(HK$)* *(Note 3)*	8,281	8,585	9,173	9,128	9,703

Notes:

(1) The monthly occupancy rate is calculated by dividing the number of beds occupied as at the month end by the number of beds available at our care and attention homes as at the relevant month end. The average monthly occupancy rate for the year/period is calculated by dividing the sum of the monthly occupancy rates by the total number of months in that year/period. During the year ended 31 March 2014, the total number of residential care places purchased from our Group by the SWD under the EBPS gradually increased from 718 to 747 as at 31 March 2014.

(2) The monthly residential fee in respect of residential care places purchased by the SWD under the EBPS is calculated as follows: the sum of (i) the total monthly revenue generated from the payment of the base rate by the SWD under the EBPS on a committed basis during the relevant month; and (ii) the total monthly revenue generated from the payment of the monthly residential fee by the residents under the EBPS during the relevant month, and such sum to be divided by the actual number of residential care places purchased by the EBPS during the relevant month. The average monthly residential fee in respect of residential care places purchased by the SWD under the EBPS for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by the SWD under the EBPS by the total number of months in that year/period.

(3) The monthly residential fee in respect of residential care places purchased by individual customers is equal to the total revenue generated from residential care places purchased by individual customers during the relevant month divided by the number of residential care places purchased by individual customers during the relevant month. The average monthly residential fee in respect of residential care places purchased by

individual customers for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by individual customers by the total number of months in that year/period.

The table below sets out details of the average monthly occupancy rate of each of our care and attention homes during the Track Record Period:

	Overall *(Note 1)*					Under the EBPS *(Note 1)*					Individual customers *(Note 1)*				
	Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016	2014	2015	2016	2015	2016	2014	2015	2016	2015	2016
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Pine Care Centre	86.4	90.5	95.7	92.9	95.2	94.6	98.5	97.4	97.0	97.3	69.7	74.2	92.3	84.8	90.9
Pine Care (Tak Fung) Elderly Centre *(Note 2)*	83.7	84.0	92.0	89.3	96.0	98.4	96.8	99.4	98.6	99.7	50.0	54.7	75.0	68.0	87.5
New Pine Care Centre	96.8	95.6	96.2	95.0	96.2	99.4	99.1	98.5	99.2	98.3	90.8	87.4	90.8	85.1	91.4
Pinecrest Elderly Centre	92.6	95.9	94.6	96.7	93.8	88.8	96.7	98.1	98.8	100.0	96.5	95.1	91.1	94.5	87.2
Pine Care (Manning) Elderly Centre	94.8	94.0	92.5	92.1	91.6	94.0	93.2	96.1	93.3	98.2	95.5	94.8	89.0	91.0	85.1
Pine Care Hong Fai Elderly Centre	88.5	97.9	96.9	94.9	99.2	79.1	99.2	98.5	97.4	98.0	92.2	96.7	95.3	92.5	100.0
Pine Care (Lee Foo) Elderly Centre	97.7	98.5	97.8	97.0	100.0	99.1	99.5	98.6	97.1	100.0	94.4	96.1	96.1	96.7	100.0
Pine Care (Po Tak) Elderly Centre	91.5	91.3	91.6	88.8	95.7	97.8	98.3	98.8	98.8	100.0	84.8	84.0	83.9	78.2	91.2
Pine Care (Po Tak Branch) Elderly Centre *(Note 3)*	96.7	95.0	93.0	91.1	90.2	99.0	97.4	97.7	97.2	95.2	91.5	89.5	81.9	76.8	78.6

Notes:

(1) The monthly occupancy rate is calculated by dividing the number of beds occupied as at the month end by the total number of beds available at each of our care and attention homes as at the relevant month end. The average monthly occupancy rate for the year/period is calculated by dividing the sum of the monthly occupancy rates by the total number of months in that year/period.

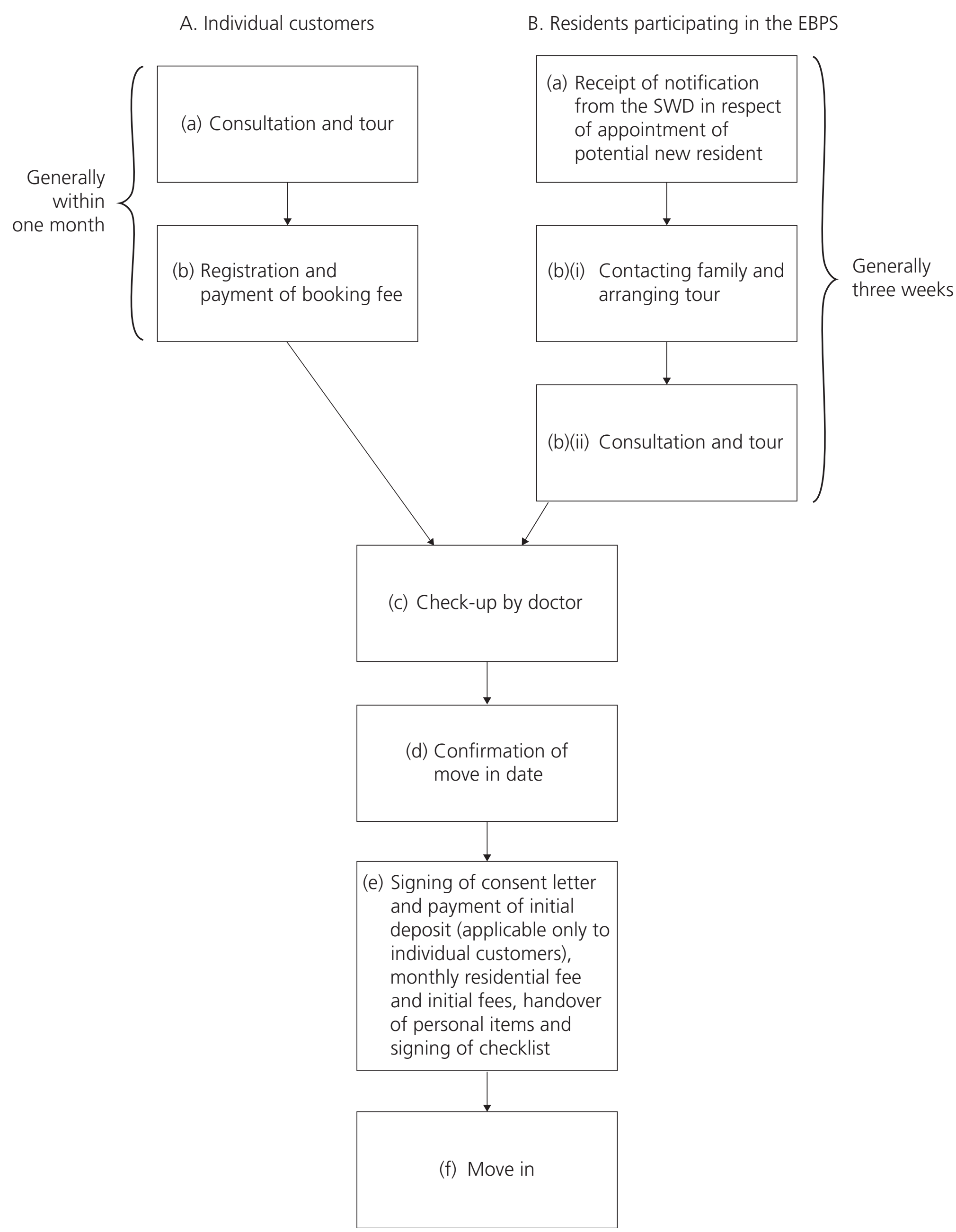
(2) The average monthly occupancy rate of Pine Care (Tak Fung) Elderly Centre in respect of individual customers increased from approximately 54.7% for the year ended 31 March 2015 to approximately 75.0% for the year ended 31 March 2016 and further increased to approximately 87.5% for the four months ended 31 July 2016 primarily due to the cessation of renovation works in November 2015 which had been in progress throughout the year ended 31 March 2015 and up to November 2015.

(3) The average monthly occupancy rate of Pine Care (Po Tak Branch) Elderly Centre in respect of individual customers decreased from approximately 89.5% for the year ended 31 March 2015 to approximately 81.9% for the year ended 31 March 2016 and further decreased to approximately 78.6% for the four months ended 31 July 2016 primarily due to customers' preference over Pine Care (Po Tak) Elderly Centre, which possessed relatively more facilities, given the close proximity of Pine Care (Po Tak) Elderly Centre to Pine Care (Po Tak Branch) Elderly Centre.

Business process

The following charts illustrate the typical process from enrolling into our care and attention homes to residence and finally, to discharge:

1. Enrollment



A. Individual customers

(a) *Consultation and tour.* Our staff introduces our care and attention home and consults the potential resident and his/her family members about his/her health conditions, daily habits, food preferences, medical needs and any other needs and demands that the potential resident may have.

(b) *Registration and payment of booking fee.* Our secretarial staff assists the potential resident and/or his/her family members to register and pay the booking fee.

(c) *Check-up by doctor.* A check-up for the potential resident and assess the health condition of the potential resident by doctor is needed/required.

(d) *Confirmation of move in date.* The potential resident will confirm with our staff the date on which he/she will move into our care and attention home.

(e) *Signing of consent letter and payment of initial deposit, monthly residential fee and initial fees, handover of personal items and signing of checklist.* Once the potential resident and/or his/her family members agree(s) to enroll into our care and attention home, the potential resident signs a consent letter, pays an initial deposit, generally representing one month of the annual residential fee for the year, monthly residential fee (on a pro rata basis depending on move in date) and initial fees for bedding and amenities. Our staff will then assist the potential resident to sign a checklist of items and hand over all personal items.

(f) *Move in.* Potential resident moves in and becomes a resident of our care and attention home.

B. Residents participating in the EBPS

(a) *Receipt of notification from the SWD.* Our Group receives notification from the SWD informing us of the appointment of a potential new resident to our care and attention home.

(b) (i) *Contacting family and arranging tour.* Our staff will contact the family of the appointed potential resident and arrange a date for tour of our care and attention home.

(ii) *Consultation and tour.* Our staff introduces our care and attention home and consults the potential resident and his/her family members about his/her health conditions, daily habits, food preferences, medical needs and any other needs and demands that the potential resident may have.

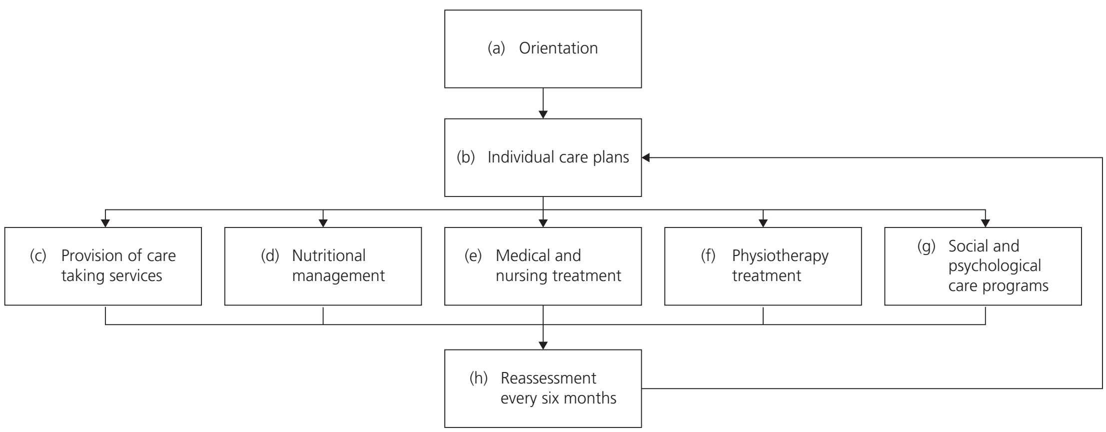
(c) *Check-up by doctor.* A check-up for the potential resident and assess the health condition of the potential resident by doctor is needed/required.

(d) *Confirmation of move in date.* The potential resident will confirm with our staff the date on which he/she will move into our care and attention home.

(e) *Signing of consent letter and payment of monthly residential fee, initial fees, handover of personal items and signing of checklist.* Once the potential resident and/or his/her family members agree(s) to enroll into our care and attention home, the potential resident signs a consent letter, pays monthly residential fee (on a pro rata basis depending on move in date) and initial fees for amenities. Our staff will then assist the potential resident to sign a checklist of items and hand over all personal items.

(f) *Move in.* Potential resident moves in and becomes a resident of our care and attention home.

2. Residence



(a) *Orientation.* Upon admission to our care and attention home, our resident will be given an orientation by either our social workers or head of our relevant care and attention home. Such orientation will include introduction of services and facilities offered, meeting and greeting of fellow residents and explanation of the role of each staff involved in their daily activities.

(b) *Individual care plans.* We design individual care plans for every resident, comprising four stages, namely (i) initial assessment on health conditions; (ii) completion of assessment after observation; (iii) design of individual care plans; and (iv) interim evaluation of effectiveness.

(c) *Provision of caretaking services.* We engage nurses, health workers and personal care workers at each care and attention home to assist residents with their daily activities, including bathing, dressing, cleaning, distribution of and feeding meals, laundry and dispensation of medication.

(d) *Nutritional management.* We engage third party dietitians to implement meal plans by designing meal menu on a seasonal basis based on the residents' health conditions with an aim to manage the diets of our residents.

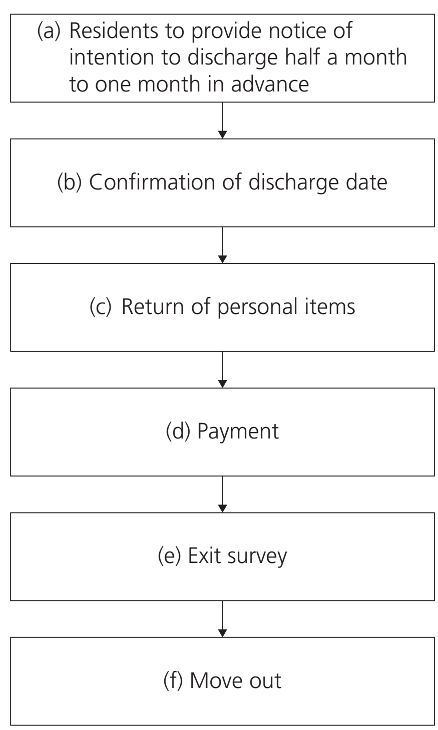
(e) *Medical and nursing treatment.* Our nurses and health workers will provide medical treatment, such as depot medication, oxygen therapy and basic wound care, to our residents where necessary. In addition, we engage third party outreach doctors who visit our care and attention homes periodically to provide medical consultation and routine check-ups for our residents.

(f) *Physiotherapy treatment.* Our physiotherapists will devise treatment programs for our residents after examining their range of motion, motor assessment, level of ambulation and sense of balance.

(g) *Social and psychological care programs.* Our social workers arrange activities on a regular basis to meet the social and recreational needs of residents and promote interpersonal relationship among residents. These activities include organising birthday parties, celebrating traditional festivals, art and craft sessions, playing mah-jong, planting, Chinese opera classes and film watching. Additionally, our social workers provide consultation with the residents when necessary and arrange life and death education with the residents.

(h) *Reassessment every six months.* We will reassess the effectiveness of the individual care plan of each resident and make adjustments in the plans every six months.

3. Discharge



(a) *Residents to provide notice of intention to discharge.* Residents are required to provide minimum half a month to one month's written notice of intention to discharge.

(b) *Confirmation of discharge date.* Our staff will confirm discharge date with the residents.

(c) *Return of personal items.* Personal items will be returned to the residents in accordance with the checklist.

(d) *Payment.* We will issue invoice to residents for any outstanding balance of payment for settlement.

(e) *Exit survey.* Residents will fill in an exit survey to provide us with views about their experience at our care and attention home.

(f) *Move out.* Upon packing all personal belongings, residents can be discharged from our care and attention homes.

Management and operation of our care and attention homes

We have implemented standardised management and operational procedures across our network of care and attention homes to ensure consistency of service and enhance residents' experience. These management and operational procedures cover areas which are required under (i) the RCHE Code of Practice, (ii) the Service Quality Standards issued by the SWD, (iii) ISO 9001 quality management system and (iv) the ISQua standards accredited by the Hong Kong Association of Gerontology, including the following aspects:

- handling of medical and chemical waste;
- licensing requirements and record keeping;
- compliance with labour laws;
- trainings;
- occupational health and safety;
- infection control;
- residents' data privacy management;
- accidents handling; and
- complaints handling.

Our key management team oversees major decisions on operations and strategies of our care and attention homes and matters that concern our Group as a whole. All management and operation supervision of each of our care and attention homes is headed by its home manager. Each of our care and attention home comprises four main functions, namely, (i) physiotherapy which consists of physiotherapists and physiotherapist assistants to provide physiotherapy treatments to residents; (ii) social and psychological care which consists of social workers to conduct assessment on residents, provide supportive counselling and conduct group therapy; (iii) nursing care which consists of nurses, health workers and care workers who assist residents in their daily activities; and (iv) administrative and other functions which consist of ancillary workers such as cleaners, chefs and accounting staff.

Our standardised operational procedures help to ensure service quality and efficiency among our elderly care homes. We conduct regular evaluations and peer reviews of the performances of our care and attention homes and staff to ensure our standardised operational procedures are complied with while delivering services to our residents.

OUR CARE AND ATTENTION HOMES

As at the Latest Practicable Date, we had a network of nine care and attention homes with 1,218 residential care places strategically located across five districts in Hong Kong. Most of our care and attention homes are located near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. Our existing care and attention homes operate under the brand name of "Pine Care Group" and comprise Pine Care Centre, Pine Care (Tak Fung) Elderly Centre, New Pine Care Centre, Pinecrest Elderly Centre, Pine Care (Manning) Elderly Centre, Pine Care Hong Fai Elderly Centre (formerly known as Hong Fai Elderly Centre), Pine Care (Lee Foo) Elderly Centre, Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre. After the completion of the Possible Acquisition, if materialised, we will operate a care and attention home through the Target Company in Tsuen Wan.

Set out below is a map showing the location of our nine existing care and attention homes in Hong Kong as at the Latest Practicable Date, Pine Care Place to be established under the Pine Care Place Development Plan and the care and attention home to be operated by us after the completion of the Possible Acquisition (if materialised):

Set out below are pictures of certain of our care and attention homes:

The table below sets out details of each of our care and attention homes in Hong Kong as at the Latest Practicable Date:

	Pine Care Centre *(Note 1)*	Pine Care (Tak Fung) Elderly Centre *(Note 2)*	New Pine Care Centre	Pinecrest Elderly Centre *(Note 3)*	Pine Care (Manning) Elderly Centre	Pine Care Hong Fai Elderly Centre	Pine Care (Lee Foo) Elderly Centre	Pine Care (Po Tak) Elderly Centre	Pine Care (Po Tak Branch) Elderly Centre *(Note 4)*
Location	Kwun Tong	Mong Kok	Kwun Tong	Kwun Tong	Tsz Wan Shan	Shau Kei Wan	Kwun Tong	Kwai Chung	Kwai Chung
Year of commencement of operations	1989	2012	2010	1999	2003	2006	2010	2010	2010
Saleable area/ Net floor area ('000 sq.ft.)	10.7	10.1	29.0	7.6	17.6	12.0	5.4	24.0	14.3
Number of residential care places under the EBPS	83	73	195	43	71	49	35	100	98
Total number of residential care places	124	105	279	84	143	99	50	194	140
Classifications under the EBPS	EA2	EA2	EA1	EA2	EA1	EA1	EA1	EA1	EA1
Type and number of employees *(Note 5)*									
Number of:									
Home manager	1	1	1	1	1	1	1	1	1
Registered/enrolled nurses	4	5	18	3	9	9	4	11	9
Social worker(s)	1	2	5	1	3	2	2	2	2
Physiotherapists	—	—	1	—	—	—	—	—	1
Physiotherapist assistant(s)	—	1	4	—	7	—	—	4	1
Health workers	9	9	13	7	7	5	4	7	14
Care workers	22	12	42	11	18	10	5	29	14
Ancillary workers	6	6	22	6	12	6	4	15	12
Services and amenities									
Geriatrician outreach programs	✓	✓	✓	✓	✓	✓	✓	✓	✓
Psychiatrist outreach programs			✓	✓		✓	✓	✓	✓
Visiting medical officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hair salon	✓		✓					✓	✓
Centralised dispensary	✓		✓		✓	✓		✓	✓
Physiotherapy room	✓		✓		✓	✓		✓	
Snack kiosk	✓		✓					✓	✓
Sensory therapy room			✓			✓		✓	
Movie theatre			✓						
Private elevator		✓	✓		✓	✓		✓	
Personal television		✓	✓			✓	✓		
Computer corner			✓						
Nursing station	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical room								✓	

Notes:

(1) The application for the upgrade of Pine Care Centre from its existing EA2 classification to EA1 classification was conditionally approved by the SWD on 30 November 2016. It is expected that its total number of residential care places will decrease from 124 to 104 and its total number of residential care places under the EBPS will decrease from 83 to 72 by the fourth quarter of 2017 in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

(2) The application for the upgrade of Pine Care (Tak Fung) Elderly Centre from its existing EA2 classification to EA1 classification was conditionally approved by the SWD on 30 November 2016. It is expected that its total number of residential care places will decrease from 105 to 88 and its total number of residential care places under EBPS will decrease from 73 to 61 by the fourth quarter of 2017 in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

(3) The application for the upgrade of Pinecrest Elderly Centre from its existing EA2 classification to EA1 classification was conditionally approved by the SWD on 30 November 2016. It is expected that its total number of residential care places will decrease from 84 to 71 and its total number of residential care places under EBPS will remain at 43 by the fourth quarter of 2017 in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

(4) Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the possible acquisition of the Target Company which is the licence holder of an existing care and attention home in Hong Kong. For details of the MOU, please refer to the paragraph headed "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" of this prospectus.

(5) Type and number of employees include only full-time or part-time employees for each of our care and attention homes and do not include personnel such as care workers, health workers and physiotherapists sourced from employment agencies. As at the Latest Practicable Date, all of our care and attention homes had complied with the staffing requirements pursuant to the RCH(EP)R, RCHE Code of Practice and EBPS Agreements. Due to the anticipated Upgrade, we will require additional staff such as registered/enrolled nurses and physiotherapists to meet the staffing requirement of EA1 classification under the EBPS. To this end, we will deploy sufficient staff as and when needed.

OUR SERVICES AND SALES

Our network of nine care and attention homes provides a total of 1,218 residential care places in a range of classes, sizes and configurations. We generate revenue primarily from (i) rendering of elderly home care services; and (ii) sale of elderly home related goods.

Rendering of elderly home care services

Provision of residence

Our existing care and attention homes offer four types of residential care places, namely premium single-bed rooms with washrooms ("**Premium Single Rooms**"), single-bed rooms without washrooms ("**Single Rooms**"), double-bed rooms ("**Double Rooms**") and multiple-bed rooms with up to 13 beds ("**Multi-bed Rooms**"). We have basic amenities installed in each of our bedrooms, including but not limited to beds, closets and call bells. Meals are provided to our residents five times per day. Basic amenities such as shower facilities are also provided. Other amenities such as hair salon, centralised dispensary, sensory therapy room, physiotherapy room and movie theatre are available at some of our care and attention homes.

The following table sets out certain information in relation to the rooms of our care and attention homes as at the Latest Practicable Date:

Type of rooms	Number of rooms	Number of beds
Pine Care Centre (Note)		
Premium Single Rooms	N/A	N/A
Single Rooms	N/A	N/A
Double Rooms	N/A	N/A
Multi-bed Rooms	13	124
Sub-total	13	124
Pine Care (Tak Fung) Elderly Centre (Note)		
Premium Single Rooms	1	1
Single Rooms	62	62
Double Rooms	6	12
Multi-bed Rooms	8	30
Sub-total	77	105
New Pine Care Centre		
Premium Single Rooms	8	8
Single Rooms	172	172
Double Rooms	34	68
Multi-bed Rooms	6	31
Sub-total	220	279
Pinecrest Elderly Centre (Note)		
Premium Single Rooms	N/A	N/A
Single Rooms	1	1
Double Rooms	2	4
Multi-bed Rooms	8	79
Sub-total	11	84
Pine Care (Manning) Elderly Centre		
Premium Single Rooms	N/A	N/A
Single Rooms	3	3
Double Rooms	3	6
Multi-bed Rooms	15	134
Sub-total	21	143
Pine Care Hong Fai Elderly Centre		
Premium Single Rooms	9	9
Single Rooms	67	67
Double Rooms	6	12
Multi-bed Rooms	3	11
Sub-total	85	99

Type of rooms	Number of rooms	Number of beds
Pine Care (Lee Foo) Elderly Centre		
Premium Single Rooms	N/A	N/A
Single Rooms	50	50
Double Rooms	N/A	N/A
Multi-bed Rooms	N/A	N/A
Sub-total	50	50
Pine Care (Po Tak) Elderly Centre		
Premium Single Rooms	N/A	N/A
Single Rooms	15	15
Double Rooms	N/A	N/A
Multi-bed Rooms	22	179
Sub-total	37	194
Pine Care (Po Tak Branch) Elderly Centre		
Premium Single Rooms	N/A	N/A
Single Rooms	9	9
Double Rooms	6	12
Multi-bed Rooms	18	119
Sub-total	33	140
Total	547	1,218

Note: Due to the anticipated Upgrade, it is expected that the total number of residential care places available in these care and attention homes will decrease to 104, 88 and 71 respectively in order to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R.

The table below sets out the average monthly residential fee of a residential care place under the EBPS and the average monthly residential fee range of a residential care place for individual customers in respect of each of our care and attention homes during the Track Record Period:

			Average monthly residential fee under the EBPS					Average monthly residential fee range of residential care place (Individual customers)				
			Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July	
	District	Class of residential care places	2014 (Note)	2015 (Note)	2016 (Note)	2015 (Note)	2016 (Note)	2014	2015	2016	2015 (Note)	2016 (Note)
			(HK$)	(HK$)	(HK$)	(HK$)	(HK$)	(HK$)	(HK$)	(HK$)	(HK$)	(HK$)
Pine Care Centre	Kowloon	EA2	8,180	9,295	9,641	9,641	9,858	6,600–9,200	7,200–10,400	7,760–12,880	7,760–10,600	8,650–13,080
Pine Care (Tak Fung) Elderly Centre	Kowloon	EA2	8,180	9,295	9,641	9,641	9,858	5,835–11,000	6,710–11,440	7,661–13,900	7,661–12,010	8,203–14,932
New Pine Care Centre	Kowloon	EA1	10,477	11,685	12,134	12,134	12,416	7,455–15,000	8,201–15,000	8,000–15,950	8,000–14,570	9,214–16,906
Pinecrest Elderly Centre	Kowloon	EA2	8,180	9,295	9,641	9,641	9,858	7,000–10,000	7,300–10,200	8,813–11,160	8,813–11,160	9,500–11,000
Pine Care (Manning) Elderly Centre	Kowloon	EA1	10,477	11,685	12,134	12,134	12,416	6,500–10,300	7,300–12,390	9,500–12,390	9,500–12,390	10,200–12,840
Pine Care Hong Fai Elderly Centre	Hong Kong	EA1	10,477	11,685	12,134	12,134	12,416	7,350–13,950	8,085–15,000	9,000–18,000	9,000–16,500	8,925–18,000
Pine Care (Lee Foo) Elderly Centre	Kowloon	EA1	10,477	11,685	12,134	12,134	12,416	5,180–11,607	8,000–9,900	8,000–10,500	8,000–10,500	8,700–10,850
Pine Care (Po Tak) Elderly Centre	New Territories	EA1	9,754	11,161	11,586	11,586	11,853	7,456–10,218	7,350–13,661	7,700–14,389	7,700–14,150	7,600–14,762
Pine Care (Po Tak Branch) Elderly Centre	New Territories	EA1	9,754	11,161	11,586	11,586	11,853	7,423–15,231	7,347–15,143	9,200–17,602	9,200–17,424	9,369–17,650

Note:

The monthly residential fee paid for a EA1 residential place of a private care and attention home purchased by the SWD under the EBPS during the Track Record Period was as follows:

		For the year ended 31 March			For the four months ended 31 July	
		2014	**2015**	**2016**	**2015**	**2016**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Hong Kong or Kowloon	Base rate paid by the SWD	8,770	9,978	10,427	10,427	10,709
	Monthly fee paid by resident	1,707	1,707	1,707	1,707	1,707
Total		10,477	11,685	12,134	12,134	12,416
New Territories	Base rate paid by the SWD	8,047	9,454	9,879	9,879	10,146
	Monthly fee paid by resident	1,707	1,707	1,707	1,707	1,707
Total		9,754	11,161	11,586	11,586	11,853

The monthly residential fee paid for a EA2 residential place of a private care and attention home purchased by the SWD under the EBPS during the Track Record Period was as follows:

		For the year ended 31 March			For the four months ended 31 July	
		2014	2015	2016	2015	2016
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Hong Kong or Kowloon . . .	Base rate paid by the SWD	6,577	7,692	8,038	8,038	8,255
	Monthly fee paid by resident	1,603	1,603	1,603	1,603	1,603
Total		8,180	9,295	9,641	9,641	9,858

Pricing of the residential places purchased by the SWD under the EBPS is on an agreed fixed rate with an adjustment clause allowing for price fluctuation based on inflation pursuant to the relevant contracts with the SWD. The fees in respect of the residential care places for our individual customers are determined with reference to a number of factors such as cost of operations, cost of leasing of the premises, staff cost, market price range charged by our competitors and inflation. See "Our customers — Pricing of our services and payment terms" in this section for further details.

Professional nursing and caretaking services

Pursuant to the EBPS, we are required to comply with staffing requirements in relation to, among others, registered/enrolled nurses, health workers and care workers at each care and attention home. The major responsibilities of our nurses, health workers and care workers are summarised as follows:

- *Nurses*. Our nurses are responsible for supervising and monitoring the performance of our health workers, care workers and ancillary workers. Major responsibilities include ensuring the residents receive appropriate medical care and treatment, providing and keeping record of residents' medical and health records, overseeing the handling of daily caretaking services, arranging medical follow-up appointments and hospitalisation, handling accidents, diseases and other incidents (such as missing residents) and providing first aid to our residents. Our nurses are also responsible for medication administration, including the storage, preparing, checking and distributing of drugs, disposal of expired and obsolete medication on a regular basis as well as drug records and other bedside nursing care;

- *Health workers*. Major responsibilities include assisting nurses to provide medical and caretaking services to residents, assisting nurses to handle first aid (if such health workers possess first aid licence) and accidents, leading activities such as exercises and reading news with the assistance of care workers, distribution of meals with the assistance of care workers, medication administration, disposal of expired and obsolete medication on a regular basis, carrying out stock take in respect of first aid box and ambulance supplies from time to time, etc.; and

- *Care workers*. Major responsibilities include taking care of the daily activities of residents such as personal hygiene, eating and helping with the resting posture of residents, implementing caretaking services plans at the instructions of our nurses or health workers, accompanying residents to attend medical follow-ups, and doing rounds.

The level of caretaking service provided to each resident varies with the degree of his/her self-care ability and health conditions. The following table summarises the daily routine of typical nursing and caretaking services provided to our residents:

Morning	• Doing rounds • Basic checking such as checking of blood sugar level • Dispensation of medication • Distribution of and, if required, feeding breakfast • Leading exercises and/or reading news • Bathing • Making beds and cleaning of rooms/beds • Leisure activities • Nursing duties
Lunch time	• Distribution of and, if required, feeding lunch
Afternoon.	• Basic checking such as checking of blood pressure • Dispensation of medication • Light housekeeping duties • Distribution of and, if required, feeding afternoon tea • Leisure activities • Doctor rounds • Nursing duties
Dinner	• Distribution of and, if required, feeding dinner • Dispensation of medication
Night time	• Evening snack

Other nursing and caretaking services are provided throughout the day on an as-needed basis, such as changing diapers and helping residents change their bed posture. We also provide other nursing and caretaking services upon request or at extra fees, such as accompanying residents to attend medical follow-ups and providing annual check-ups.

Nutritional management

We also manage the diets of our residents through the implementation of meal plans. Our meal menu are designed with an aim to provide a balanced diet to our residents and having taken into account the residents' ability to chew and digest and their preferences. For residents with special needs, we will design menu suitable for such residents such as meals suitable for residents with diabetes, low sodium meals and low fat meals. The meal menu designed by us are reviewed and approved by dietitian engaged by us. In addition, we also closely monitor the nutritional status of residents by observing the eating conditions of the residents and taking records of meals taken by residents on a daily basis. We also periodically assess the residents' weight change and body mass index. In the event of an abnormal fluctuation or result, we will refer the dietitian and doctors engaged by us for follow-up actions.

Medical services

We offer medical services to the residents of our care and attention homes. For instance, we have entered into service contracts with two visiting medical officers who are medical practitioners with full registration with the Medical Council of Hong Kong. The visiting medical officers visit our care and attention homes once to twice a week to provide medical consultation and routine check-ups for our residents. We also provide arrangement in relation to a geriatrics outreach doctor and a psychiatry outreach doctor who also pay regular visits to certain of our care and attention homes to provide medical consultation and routine body checks for our residents. Every care and attention home is equipped with medical equipment such as blood pressure monitors, blood glucose monitor, infra-red thermometer, oximetre and oxygen tank. For certain homes, we also have bladder scanners and electrical swallowing stimulators to enable doctors to deliver medical services to residents.

We have internal guidelines specifying the procedures which aim for implementing the relevant doctors' prescription so that residents can receive appropriate medical treatment, as well as for handling medication so as to prevent accidental consumption. See "Quality Control — Collection, storage and dispensation of medicine" in this section for further details.

Physiotherapy services

In accordance with the staffing requirements of the EBPS, we offer physiotherapy treatments performed by our in-house physiotherapists and physiotherapist assistants in all of our EA1 care and attention homes. We also offer physiotherapy treatments at our EA2 care and attention homes on a voluntary basis. Upon request and provided that there are surplus of man-hours of physiotherapists, our residents may opt for a one-on-one physiotherapy consultation at a service charge. Our physiotherapy rooms and the available facilities provide a comfortable and private setting for our residents to undergo treatments.

Physiotherapy room

Psychological and social care

We aim to provide an environment which encourages residents to develop a healthy life style in all aspects and facilitate their maintenance of physical, mental and psychological health. Various activities are arranged at our care and attention homes on a regular basis to meet the social and recreational needs of residents and promote interpersonal relationship among residents. Such activities include organising birthday parties, celebrating traditional festivals, art and craft sessions, playing mah-jong, planting, Chinese opera classes and film watching. Residents of our care and attention homes are also encouraged to pursue their interests and maintain contact with the community by encouraging their participation in Cantonese opera performance, singing lessons and day outings. Our social workers provide psychological consultation with the residents when necessary and arrange life and death education with the residents. We aim not only to assist our residents with their daily living, but to provide an environment that fosters their happiness and satisfaction.

Individual care plans

We design individual care plans for every resident, which mainly comprise four stages, namely, (i) health conditions assessment, (ii) completion of assessment and evaluation, (iii) design of individual care plans and (iv) interim evaluation of effectiveness.

(i) Health conditions assessment

Within 24 hours of admission, our nurses, physiotherapists and social workers conduct initial assessment to identify the residents' immediate caretaking needs (such as nutrition, medication) and key risks (such as history of allergy, difficulty of swallowing, falls, leaving care and attention homes without authorisation). Residents or their relatives shall also provide the residents' health reports, such as medical history, physical examination reports for reference.

(ii) Completion of assessment and evaluation

Within seven days of admission, we also identify the residents' habits and preferences (such as race, religion, cultural background) and the support from their families and the community, and complete our assessment and evaluation on the residents.

(iii) Design of individual care plans within one month of admission

Before we complete the design of individual care plans, we arrange meetings between our qualified staff and the residents' families in order to strengthen the communication among the residents, their families and our Group and ensure that everyone understands the individual care plans that the residents are going to undergo.

The scope of individual care plans is based on the residents' degree and ability of self-care, which may cover areas such as diet care, excretion conditions, mobility, skin condition, special care, hospice care, cognition, emotions and behavioural patterns. Within one month of admission, we complete the design of individual care plans for each resident taking into account their health conditions assessment and meetings with their families.

(iv) Interim evaluation of effectiveness

Generally, we evaluate the effectiveness of individual care plans every six months and follow up with the needs of the residents, set targets to address their needs and design methods to address their needs or resolve any issues. In the event of unusual problems being found during the implementation of individual care plans, the residents may consider to seek professional advice from visiting medical officer or other outreach doctors engaged by us or engage other doctors or professionals.

Sale of elderly home related goods

Our care and attention homes also offer the sale of elderly home related goods to our residents, including but not limited to diapers, nutritional milk, medical gloves, feeding bags and pH indicator strips. Such goods are sold to our residents on an as-needed basis.

OUR RESIDENTS

General profile

As at the Latest Practicable Date, our care and attention homes had 1,139 residents of whom 6.3% were aged 60 to 69, 15.0% were aged 70 to 79, 46.8% were aged 80 to 89, 30.0% were aged 90 to 99 and 1.9% were aged 100 or above. Our residents primarily include those who suffer from incontinence and/or require wheel chair assistance and/or safety restrainers and/or assisted feeding. Some of our residents suffer from chronic illnesses such as diabetes mellitus, hypertension, dementia and/or cerebrovascular disease. As at the Latest Practicable Date, in respect of our 1,139 residents who were assessed by our nurses and/or health workers based on the Barthel Index, 7.1% were assessed to be completely independent, 22.4% were assessed to be mildly dependent, 27.1% were assessed to be moderately dependent and 43.4% were assessed to be severely dependent.

Duration of stay

As at the Latest Practicable Date, each of our residents had resided in our care and attention homes for an average period of 4.1 years. For the three years ended 31 March 2016 and the four months ended 31 July 2016, the number of residents passed away as a percentage of the total number of residents as at the end of the respective year/period were approximately 15.4%, 21.7%, 19.2% and 5.4%, respectively.

OUR FACILITIES AND EQUIPMENT

We strive to provide quality residential elderly care services to our residents in a comfortable environment. Our care and attention homes are equipped with adequate equipment and facilities which enable our residents to receive basic medical and nursing care and support at the homes.

Our medical equipment includes hoists, sensory stimulators, blood pressure monitors, blood glucose monitors, infra-red thermometres, oximetres, oxygen tanks, bladder scanners, lifting machines, treatment tables and electric hot packs. Certain of our care and attention homes also has dedicated physiotherapy rooms with physiotherapy equipment such as tiltbeds, electrocardiogram machines, ultrasound machines, anodyne therapy pads and shoulder and upper limb training kits.

Apart from providing adequate medical support and care, we have installed other general amenities and facilities at each of our care and attention homes so as to furnish a convenient and enjoyable environment suited to the needs of our elderly residents. To ensure the safety of our residents, we have installed sensory security systems to prevent residents from leaving our premises without notice. We also offer various amenities such as air-conditioning and heating system, personal televisions, dispensaries, private elevators, movie theatres, computer corner, snack kiosks, hair salons and sensory therapy rooms at our care and attention homes.

Movie theatre

OUR CUSTOMERS

During the Track Record Period, our Group's customers primarily consisted of three groups, namely: (i) the SWD with which we entered into contractual arrangements pursuant to which the SWD purchased residential care places from our Group under the EBPS; (ii) individual customers who settled their own residential fee entirely by themselves; and those who were subsidised by the SWD under the EBPS but settled the unsubsidised portion by themselves; and (iii) a public hospital which purchased residential care places from our Group. All of our Group's end-user customers are individual customers. For the three years ended 31 March 2016 and the four months ended 31 July 2016, revenue from our five largest customers amounted to approximately HK$70.8 million, HK$83.7 million, HK$87.8 million and HK$30.1 million, respectively, representing approximately 47.8%, 51.1%, 50.8% and 50.7% of our total revenue, respectively.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of the issued share capital of our Company, had any interest in any of our five largest customers during the Track Record Period.

The SWD

We have participated in the EBPS since 1999 and we derived a major portion of our revenue from the SWD, which was our largest customer during the Track Record Period. Participants of the EBPS are partially subsidised by the SWD. As at the Latest Practicable Date, the monthly base rate for our residents enrolled under the EBPS payable by the SWD was (i) HK$10,709 in respect of EA1 care and attention homes located in Hong Kong Island and Kowloon; (ii) HK$10,146 in respect of EA1 care and attention homes located in New Territories; and (iii) HK$8,255 in respect of EA2 care and attention homes located in Kowloon. Our residents enrolled under the EBPS were required to pay a monthly residential fee, which amounted to HK$1,707 for EA1 care and attention homes and HK$1,603 for EA2 care and attention homes, as at the Latest Practicable Date. For the three years ended 31 March 2016 and four months ended 31 July 2016, revenue generated from the payment of base rate by the SWD amounted to approximately HK$70.2 million, HK$82.7 million, HK$86.5 million and HK$29.6 million, respectively, representing approximately 47.4%, 50.5%, 50.1% and 49.9% of our total revenue, respectively. For the three years ended 31 March 2016 and the four months ended 31 July 2016, the revenue generated from the payment of monthly residential fees under the EBPS paid by the residents participated in the EBPS amounted to approximately HK$14.3 million, HK$14.7 million, HK$14.8 million and HK$5.0 million, representing approximately 9.7%, 9.0%, 8.5% and 8.4% of our total revenue, respectively. Hence, the revenue generated from the payment of base rate by the SWD and the monthly residential fee paid by the residents who participated under the EBPS, in aggregate under the EBPS for the three years ended 31 March 2016 and the four months ended 31 July 2016 represented approximately 57.1%, 59.5%, 58.6% and 58.3% of our total revenue, respectively.

Through our participation in the EBPS, we have maintained a stable business relationship with the SWD for over 17 years. All of our care and attention homes have entered into the EBPS Agreements with a fixed term, typically of two years, with the SWD in respect of the provision of residential accommodation and care to their nominated elderly persons in our care and attention homes. The term of all of our subsisting EBPS Agreements with the SWD will expire on 31 March 2018. Such EBPS Agreements are signed on the basis of committed payment by our Group whereby we commit to provide a specified number of residential care places to the SWD and the SWD commits to purchase a specified number of residential care places, and fees are payable based upon the number of elderly persons committed to enrol into our care and attention homes.

Principal terms of the EBPS Agreements with the SWD

The EBPS Agreements entered into by us and the SWD typically contain the following principal terms:

- Contract term usually last for a period of 24 months.

- We are obligated to provide residential accommodation and care to the specified number (“**Specified Number**”) of elderly persons nominated by the SWD.

- We are obligated to comply with certain service requirements including but not limited to requirements for living space, minimum number and types of personnel to operate our care and attention homes, minimum number of beds, minimum number of staff to operate our care and attention homes and minimum training requirements of our staff.

- The HK Government will generally make payment before the 28th of each month and such monthly residential fees are calculated based on the Specified Number committed by the SWD multiplied by the applicable base monthly rate of charge. Such monthly residential fee is payable to our Group irrespective of whether the committed residential care spaces are occupied or not.

- The HK Government has the right to reduce the Specified Number by giving 14 days prior notice and adjust the residential fees payable with reference to the average monthly consumer price index once a year.

- Residential care place rates payable by the SWD pursuant to the EBPS are fixed at an initial monthly rate at the time of contract execution, but subject to inflation adjustments on an annual basis on the 1st of April of each year.

- We are obligated to indemnify the HK Government against any and all losses, claims, damages, costs, charges, expenses, liabilities, proceedings and actions which the Government may sustain or incur in respect of (i) negligence, recklessness, or wilful conduct of our Group, our employees or agents; (ii) breach of non-performance or non-observance of certain provisions, warranties and undertakings in the agreements; (iii) any unauthorised acts of our Group or our employees; and (iv) non-compliance with any applicable laws or requirements.

- The EBPS Agreements entered into between our Group and the SWD are terminable if (i) we fail to perform our obligations in accordance with the agreement and fail to remedy any performance failures; (ii) we or our employees or agents have done anything which in the opinion of the director of the SWD may endanger our residents; (iii) we are persistently in breach of any provision of the agreements; (iv) we become bankrupt or go into liquidation; or (v) we assign or transfer any part of the agreements without written consent of the HK Government. Alternatively, either the SWD or us can give the other party three months' prior written notice to terminate the agreements.

Other key characteristics of the EBPS

The LORCHE is responsible for conducting inspection in respect of building safety, fire safety, health care and social work at our care and attention homes prior to the end of the term of our existing EBPS Agreements with the SWD. Based on the understanding of our Directors and in light of the fact we have successful renewed the EBPS Agreements of all our care and attention homes during the Track Record Period, in the absence of material adverse findings of the inspections, the SWD will renew the term of the relevant agreements with us.

In case of irregularities detected during inspections, depending on their severity, warning letters are issued to non-compliant or unsatisfactory RCHEs. Under the RCH(EP)O, the SWD may issue a direction to the RCHE to direct remedial measures. If the RCHE fails to comply with the direction given, prosecution action may be taken.

During the Track Record Period and up to the Latest Practicable Date, we had received four warning letters and one verbal warning, the subjects of which relate to (i) improper usage technique of restrictive gloves on a resident and lack of proper record on the physical condition of the restrained resident; (ii) clerical error on pricing table in respect of injections to treat diabetes; (iii) the use of expired insulin medication on two residents; (iv) failure to comply with paragraph 11.1 of the RCHE Code of Practice which requires a RCHE to satisfy the needs in health and care of residents when assisting them in carrying out daily living and self-care activities, after a resident fell and was injured in a washroom at one of our care and attention homes, notwithstanding that safety device was applied; and (v) failure to comply with paragraph 9.1 of the RCHE Code of Practice by failing to meet the minimum staffing requirement in respect of one health worker for one hour. The subject matters as referred to above in four of the warning letters and the verbal warning received have been resolved, and we have taken necessary remedial actions and informed the SWD and no further action had been taken by the SWD against us in respect of these warning letters and the verbal warning. Based on the understanding of our Directors and warnings letters received, depending on the seriousness of the incident, if the relevant RCHE fails to remedy the non-compliance as soon as possible, the SWD may initiate prosecution, cancel or suspend the licence of the relevant RCHE, refuse to renew the licence or change any condition attached to the licence. In addition, according to some of the warning letters received by us, if the relevant RCHE receives five or more warning items within a two-year period, the number of places bought by the SWD from the relevant RCHE will be reduced by 5 or 5% of the total number of bought places (whichever is lower). During the Track Record Period and up to the Latest Practicable Date, we had not experienced any reduction in the number of places purchased by the SWD as a result thereof nor had the SWD initiated any prosecution, cancellation, suspension, refusal to renew, or change of conditions attached to the licenses.

To reduce the re-occurrence of using expired medication, we have taken or reinforced the following measures:

(i) nurses and health workers are required to check the un-sealing date and the expiry date after un-sealing of all insulin on a weekly basis, with random check by nurses; and

(ii) if a nurse is on duty, the insulin should be drawn up by a nurse and injection should be given by a nurse.

To reduce the re-occurence of any fall of residents, all safety devices in the relevant RCHE were checked to ensure all safety devices could function properly.

Number of committed residential care places to the SWD

Before 2003, the SWD would purchase up to 70% of the EBPS places from any one of private RCHEs. In 2003, a "50% cap" requirement was set. According to the SWD, the reduction of the capped percentage of purchased places from 70% to 50% since 2003 aimed to allow participating private RCHEs to run their non-subsidised part of business in the same RCHEs, and enable more RCHEs to participate in EBPS so as to enhance the service standard of private homes as far as possible. Some of our care and attention homes which had established relationship with the SWD under the EBPS before the introduction of the "50% cap" requirement in 2003 were able to enjoy the same capping percentage of 70% on subsequent renewal of the relevant agreements with the SWD ("**70% Cap Advantage**"), while some of our care and attention homes which established relationship with the SWD under the EBPS after the introduction of the "50% cap" requirement were subject to the lower capping percentage of 50%. The table below sets forth the number of our residential care places committed to the SWD ("**Committed Residential Care Places**"), the number of residential care places available and the percentage of residential care places purchased by the SWD, for the periods indicated:

	Pine Care Centre	Pine Care (Tak Fung) Elderly Centre	New Pine Care Centre	Pinecrest Elderly Centre	Pine Care (Manning) Elderly Centre	Pine Care Hong Fai Elderly Centre	Pine Care (Lee Foo) Elderly Centre	Pine Care (Po Tak) Elderly Centre	Pine Care (Po Tak Branch) Elderly Centre
Year of commencement of participation in the EBPS by our Group	1999	1999	2002	2001	2003	2013	2002	2010	2010
70% Cap Advantage	Yes	Yes *(Note 1)*	Yes *(Note 2)*	Yes	No	No	Yes *(Note 2)*	Yes *(Note 3)*	Yes *(Note 3)*
	For each of the three years ended 31 March 2016 and the four months ended 31 July 2016								
Number of committed residential care places *(Note 4)*	83	73	195	43	71	49 *(Note 4)*	35	100	98
Number of residential care places available	124	105	279	84	143	99	50	194	140
Number of residential care places purchased by the SWD under EBPS as a percentage of our total number of places (%)	66.9	69.5	69.9	51.2	49.7	49.5	70.0	51.5	70.0

Notes:

(1) Pine Care (Tak Fung) Elderly Centre was able to enjoy the 70% Cap Advantage because its RCHE licence was held by Pacific First which had participated in the EBPS since 1999 in respect of a prior care and attention home called Tsz Wan Shan Pine Care Elderly Home previously located at Shop 1A–7A, L/G, 145–151 Po Kwong Village Road, Shop 1–11 M/F, 2 Po Ying Lane, Che Wah Building, Kowloon. In 2012, the operation of Tsz Wan Shan Pine Care Elderly Home was relocated to Shops 89 & 91, G/F, 1/F, 2/F and Portion of 3/F, Tak Fung Building, 85-91 Lai Chi Kok Road, Kowloon and the care and attention home operating at the premises is currently known as Pine Care (Tak Fung) Elderly Centre.

(2) New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre were able to enjoy the 70% Cap Advantage because their RCHE licences were held by Besting Holdings which had participated in the EBPS since 2002 in respect of a prior care and attention home called New Pine Care Centre ("**Previous New Pine Care Centre**") previously located at Entrance on G/F, whole of 1/F & Portion of 2/F Yee On Court, 79E Waterloo Road, Kowloon. In 2010, the operation of the Previous New Pine Care Centre was relocated to (i) Portion of G/F, 1/F, 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate & F20-F22 on 3/F, Lee Foo House, Shun Lee Estate, Kowloon and the care and attention home at the premises is currently known as New Pine Care Centre; and (ii) 101-108, 1/F Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon and the care and attention home operating at the premises is currently known as Pine Care (Lee Foo) Elderly Centre.

(3) Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre were able to enjoy the 70% Cap Advantage because they were existing care and attention homes which had participated in the EBPS since 2000 and 2002, respectively, and were acquired by our Group in 2010.

(4) During the year ended 31 March 2014, the total number of residential care places purchased from Pine Care Hong Fai Elderly Centre by the SWD under the EBPS gradually increased from 20 to 49 as at 31 March 2014.

As at the Latest Practicable Date, there were a total of 747 (i.e. during the year ended 31 March 2014, the SWD had been increasing its purchase of places from us under the EBPS from 718 to 747 places) Committed Residential Care Places out of 1,218 residential care places at our nine care and attention homes, representing approximately 61.3% of such total number of our residential care places.

Our long-term cooperative relationship with the SWD under the EBPS

For the three years ended 31 March 2016 and the four months ended 31 July 2016, we generated revenue from the payment of the base rate by SWD under the EBPS of approximately HK$70.2 million, HK$82.7 million, HK$86.5 million and HK$29.6 million, respectively, representing approximately 47.4%, 50.5%, 50.1% and 49.9% of our total revenue, respectively. Although we derived a substantial portion of our revenue from the SWD under the EBPS, our Directors are of the view that our business is sustainable based on the following factors and reasons:

(a) Our participation in the EBPS is in line with HK Government's policy in supporting the elderly care sector in Hong Kong and it is expected that EBPS will be continuously supported by the HK Government given that there is a genuine demand for residential care places from the Hong Kong society

As mentioned in the Ipsos Report, there is a surging demand for residential care services in residential care homes for the elderly in Hong Kong. From 2016 to 2020, the population of the elderly aged 65 and above is forecasted to grow at a CAGR of approximately 4.5% from approximately 1.2 million in 2016 to approximately 1.4 million in 2020. Concurrently, the old-age dependency ratio in Hong Kong is also expected to rise from approximately 21.9% to about 26.5% throughout the said period. Another factor contributing to the growth in demand for residential care services in RCHEs in Hong Kong is the increase in incidence of chronic diseases and physiological deterioration among the elderly. Among those aged 60 or above, the percentage of those having one or more chronic diseases increased from approximately 59.0% in 2007 to 61.8% in 2013, whereas the percentage of those having one or more disabilities increased from approximately 21.5% in 2007 to 28.4% in 2013. Moreover, the demand for a residential care place in RCHEs is also high as a result of the relatively high institutionalisation rate of the elderly in Hong Kong due to the inability of some of the families to take care of their frail elderly family members at their residence. See "Industry Overview — Supply and demand of the RCHE industry in Hong Kong" in this prospectus for further details.

Over the past few years, the HK Government has provided additional resources to purchase more residential care places under the EBPS from private RCHEs. The number of EBPS places increased from 7,278 places in 2011 to 7,999 places in 2015. According to the 2016–17 Budget of the HK Government, there will be an increasing focus by the HK Government on providing more subsidised RCHE places and the HK Government has pledged to further increase the number of subsidised places through various measures and also purchase more EBPS places from private homes. The HK Government will allocate a recurrent provision of approximately HK$140.0 million from financial year 2016–17 to provide more subsidised RCHE places. Furthermore, pursuant to the Policy Address 2016, the HK Government has set out a series of measures to support and care for the elderly by: (i) providing more subsidised places for residential care services to meet the long-term care needs of frail elderly persons in which the HK Government plans to provide 1,700 new subsidised residential care places for the elderly in phases from the financial year 2014–15 to 2017–18 and another 1,700 places will be provided through developing and renovating vacant premises in 16 development projects and sites; (ii) strengthening the inspection and monitoring of RCHEs; and (iii) converting existing EA2 places to EA1 places which are of a higher quality. See "Industry Overview — Market drivers and entry barriers to the RCHE industry in Hong Kong" and "Industry Overview — Future opportunities, threats and/or challenges to the RCHE industry in Hong Kong" in this prospectus for further details.

In view of the support of the HK Government, at the end of December 2015, there were 141 care and attention homes including those of our Group in Hong Kong which had been participating in the EBPS, representing approximately 25.8% of the total number of RCHEs in Hong Kong at the end of 2015. Our Directors believe that only a small portion of RCHEs are eligible to participate in the EBPS and our participation in the EBPS is able to signify to the market that we are one of these RCHEs which have been able to fulfil the requirements under the EBPS.

According to the Ipsos Report, as at the end of December 2015, there were a total of 33,163 applicants on the Central Waiting List for subsidised RCHEs places. It consisted of 27,050 applicants for care and attention homes and 6,113 applicants for nursing homes. The number of applicants in the Central Waiting List had increased over the years, but efforts by the HK Government had ensured that the average waiting time has decreased. Average waiting time is the average number of months taken between the waitlist date and the admission date of normal cases admitted to service, which is affected by the demand for subsidised places as well as the supply of new and existing subsidised places. In 2015, the average waiting time for a residential care place in a care and attention home and a private RCHE under the EBPS was approximately 20 months and eight months, respectively.

Given the genuine demand for residential care places from the society in Hong Kong, the long waiting time for a place in a private RCHE under the EBPS, the long history of implementation of the EBPS by the HK Government for 18 years under which the SWD has purchased residential care places from private homes for the elderly since 1998 and that one of its objectives is to increase the supply of subsidised places so as to reduce elderly's waiting time for subsidised care and attention home places, our Directors believe that the HK Government will continue to be supportive of the EBPS going forward.

(b) We believe that we will continue to be eligible for participation in the EBPS if we are able to continue to meet the eligibility criteria under the EBPS and given our long history of participation in the scheme

We have developed a long-term cooperative relationship with the SWD for over 17 years since we first participated in the EBPS in 1999. We were the largest private RCHE operator participating in the EBPS in Hong Kong in 2015 with a market share of approximately 9.3% in terms of the total number of EBPS places in Hong Kong, according to the Ipsos Report. Our Directors confirmed that none of our care and attention homes had experienced difficulty in renewing their agreements with SWD under the EBPS upon their expiry. We have successfully renewed our agreements with SWD for the EBPS with an existing term until 31 March 2018. Our Directors are confident that our attention and care homes will continue to be eligible to participate in the EBPS in the future if they continue to comply with the relevant requirements under the EBPS as (i) all of them are either EA1s or EA2s which have complied with the relevant staffing and spacing requirements under the EBPS; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not experienced any reduction in the EBPS number or percentage of residential care places purchased by SWD during the term of the EBPS Agreements entered into with SWD under the EBPS, and the SWD had purchased close to the capped percentage of our residential care places in respect of most of our care and attention homes which our Directors believe was an indication that they were satisfactory towards the quality of our services.

(c) We believe that our long operating history of care and attention homes in Hong Kong and our accreditation with the RACAS of Hong Kong Association of Gerontology are able to enhance the confidence of both our customers and SWD in our Group

We have been operating care and attention homes in Hong Kong for over 27 years. In 2015, we were the second largest private RCHE operator in Hong Kong in terms of revenue with a market share of approximately 3.0%, according to the Ipsos Report. Our Directors believe that our established operating history and leading market position allow us to consolidate our reputation and secure revenue both from the SWD and individual customers. In addition, all of our care and attention homes are accredited under the RACAS by the Hong Kong Association of Gerontology, which is the only accreditation scheme in Hong Kong to be recognised by the International Society of Quality in Healthcare.

(d) Our relationship with the SWD under the EBPS is one that is mutually beneficial

Apart from enhancing our reputation in the industry through our participation under the EBPS and providing a source of customers to our Group, our Directors consider that our participation under the EBPS provides our Group with a good opportunity to fulfil social responsibility towards the Hong Kong society given the demand from the elderly in Hong Kong. As such, it is our Directors' intention to continue to maintain our long-term cooperative relationship with the SWD through entering into the EBPS Agreements. Further, the terms of the EBPS Agreements provide flexibility to both parties to terminate the said agreements by giving the other party three months' prior written notice.

(e) The underlying demand for our places purchased by the SWD under the EBPS was genuine given the consistently high occupancy rate achieved by us during the Track Record Period and up to the Latest Practicable Date

For the three years ended 31 March 2016 and for the four months ended 31 July 2016, we recorded an average monthly occupancy rate in respect of residential care places purchased by the SWD under the EBPS of approximately 96.7%, 97.7%, 98.1% and 98.3% and an average monthly occupancy rate in respect of residential care places purchased by individual customers of approximately 86.6%, 86.6%, 88.1% and 89.8%, respectively. Our Directors believe that such consistently high occupancy rate was supported by the genuine underlying demand for our residential care places purchased by the SWD under the EBPS as the end-user customers of our residential care places purchased by the SWD under the EBPS were the elderly people in Hong Kong who were subsidised by the HK Government under the scheme.

Principal terms of the arrangements with the public hospital

For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue derived from the public hospital amounted to approximately nil, HK$0.5 million, HK$0.7 million and HK$0.3 million, respectively, representing nil, 0.3%, 0.4% and 0.5% of our total revenue, respectively.

Our principal terms of the arrangements with the public hospital are as follows:

- contract term usually lasts for a period of six months or one year;
- we are obligated to provide temporary stay and care-taking services for elderly arranged by the public hospital;
- monthly residential fees are calculated based on the specified number of elderly persons committed by the public hospital multiplied by the rate of residential care place per month. Such monthly residential fee is payable to our Group irrespective of whether the committed residential care spaces are occupied or not;
- payment shall be made at the end of every month and shall be settled by cheque within 30 days after the issue of monthly invoice; and
- any party who wishes to terminate the agreement before the end of the contractual term shall give one month notice.

Principal terms of our agreements with individual customers

For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue derived from individual customers who settled their own residential fee entirely by themselves amounted to approximately HK$40.5 million, HK$41.6 million, HK$45.0 million and HK$16.1 million, respectively, representing 27.4%, 25.4%, 26.0% and 27.2% of our total revenue, respectively.

Our agreements with individual customers typically contain the following principal terms:

- one month residential fee shall be paid as deposit upon check-in by the resident;
- residence fee, miscellaneous fee, doctors round fee shall be paid in advance, other fees would be paid in arrears (such as prescription fee and check-up fees); and
- all sums shall be settled by the 14th day in every month, otherwise additional fee, being 5% of total sums, shall be charged. If the overdue lasts longer than one month, it will be deemed as termination of residential care place without further notice.

Pricing of our services and payment terms

For pricing of our services and payment terms under the EBPS, see "Business — Our Customers — The SWD — Principal terms of the EBPS Agreements with the SWD" in this prospectus for further details.

We generally review the pricing of our services in respect of our individual customers annually. When determining our rates chargeable to our residents, our management takes into account various factors such as cost of operations, rental cost, staff cost, market price range charged by our competitors and inflation. Monthly statements will be issued to our individual customers and they are generally given a credit period of up to 30 days after monthly statement. Our customers settle payment by cheque, by cash or by bank transfer.

OUR SUPPLIERS

Procurement

We primarily rely on our suppliers for food, medical care products, nutritional milk, other general goods and groceries and professional and qualified staff. All of our purchases are made in Hong Kong. During the Track Record Period, we had not experienced any material shortage or delay in the supply of goods or services. For the sensitivity analysis in relation to changes in costs, see "Financial Information — Key factors affecting the results of operations of our Group" in this prospectus.

Major suppliers

Our major suppliers primarily include traders of groceries, intermediaries referring professional and qualified staff and medical care product companies. We adopt an internal quality evaluation system for supplier selection and it is our policy to maintain a list of approved suppliers for the supply of regular and recurrent goods and services. In selecting suppliers, we perform assessment on the potential suppliers, including past history of the suppliers' quality, timing of delivery, source of the products, price and suppliers' reputation in the industry. Upon approval by our chief executive officer, such suppliers can be admitted to our list of approved suppliers. We periodically evaluate the performance of our approved suppliers. We generally do not enter into long-term agreements with our suppliers. In respect of the referral of professional and qualified staff, we arrange interviews with the candidates referred and verify their qualifications by requesting the referral intermediaries to provide the certifications of such candidates.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate purchases from our five largest suppliers amounted to approximately HK$7.2 million, HK$9.6 million, HK$8.4 million and HK$3.4 million, respectively, representing approximately 42.6%, 44.6%, 43.4% and 49.6% of our total purchases (including expenses of hiring professional and qualified staff through employment agency), respectively. During the same periods, the purchases from our largest supplier amounted to approximately HK$3.0 million, HK$3.6 million, HK$3.5 million and HK$1.2 million, respectively, representing approximately 18.0%, 16.5%, 18.0% and 18.1% of our total purchases (including expenses of hiring professional and qualified staff through employment agency) during the same periods, respectively.

The table below sets out information on our five largest suppliers during the Track Record Period:

Suppliers	Amount of purchases	% of our total purchase	Principal business activities	Types of goods/services procured by us	Year in which our business relationship commenced	Usual credit term and payment method
	(HK$ million)					
For the year ended 31 March 2014						
Supplier A	3.0	18.0	Trading company	General groceries (e.g. oil, soy sauce, salt, sugar, beans)	2008	30 days; by cheque
Supplier B	2.0	12.0	Employment agency	Professional and qualified staff	2011	30 days; by cheque
Supplier C	0.9	5.1	Pharmaceutical and health care company	Nutritional milk	2009	30 days; by cheque
Supplier D	0.7	4.2	Trading company	Frozen meat	2008	30 days; by cheque
Supplier E.	0.6	3.3	Sourcing, marketing, sales, distribution and after sales services provider	Nutritional milk	2009	30 days; by cheque
For the year ended 31 March 2015						
Supplier A	3.6	16.5	Trading company	General groceries (e.g. oil, soy sauce, salt, sugar, beans)	2008	30 days; by cheque
Supplier B	2.7	12.6	Employment agency	Professional and qualified staff	2011	30 days; by cheque
Well Mount *(Note)*	1.8	8.5	Employment agency, decoration and engineering	Professional and qualified staff	2012	30 days; by cheque
Supplier G	0.8	3.5	Employment agency	Professional and qualified staff	2013	30 days; by cheque
Supplier D	0.7	3.5	Trading company	Frozen meat	2008	30 days; by cheque
For the year ended 31 March 2016						
Supplier A	3.5	18.0	Trading company	General groceries (e.g. oil, soy sauce, salt, sugar, beans)	2008	30 days; by cheque
Supplier B	2.3	12.0	Employment agency	Professional and qualified staff	2011	30 days; by cheque
Supplier H	1.0	5.3	Employment agency	Professional and qualified staff	2015	30 days; by cheque
Supplier D	0.8	4.1	Trading company	Frozen meat	2008	30 days; by cheque
Supplier I.	0.8	4.0	Medical care product company	Nutritional milk	2014	30 days; by cheque
Four months ended 31 July 2016						
Supplier A	1.2	18.1	Trading company	General groceries (e.g. oil, soy sauce, salt, sugar, beans)	2008	30 days; by cheque
Supplier B	0.9	12.8	Employment agency	Professional and qualified staff	2011	30 days; by cheque
Supplier H	0.5	7.3	Employment agency	Professional and qualified staff	2015	30 days; by cheque
Supplier J.	0.4	6.3	Medical equipment and medical consumables company	Medical consumables such as diapers and work drum	1998	30 days; by cheque
Supplier I.	0.3	5.1	Medical care product company	Nutritional milk	2014	30 days; by cheque

Mr. Elson Yim, our Controlling Shareholder and executive Director, was beneficially interested in 6.8% of the issued shares in Supplier A as at the Latest Practicable Date. In addition, Ms. Leu was beneficially interested in the entire issued share capital of Well Mount throughout the Track Record Period. See "Connected Transactions — Continuing connected transactions fully exempt from Shareholders' approval, annual review and all disclosure requirements — Referral of care workers by Well Mount" in this prospectus for further details in respect of referral of care workers and renovation work by Well Mount to our care and attention homes. We did not enter into any contractual arrangements with either Supplier A or Well Mount for our procurement of goods and agency services as they were made on an as needed basis.

Note: Well Mount provides the health care agency and referral services under the trade name of "Hong Kai Professional Care Services Co".

Save as disclosed above, to the best of the knowledge of our Directors, none of our Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of our Company had any interest in any of our five largest suppliers during the Track Record Period.

OUR QUALIFIED STAFF

Our qualified team comprises nurses, physiotherapists, social workers and health workers.

The following table sets out a breakdown of our full-time and part-time qualified staff as at the dates indicated:

	As at 31 March			As at 31 July	As at the Latest Practicable
	2014	2015	2016	2016	Date
Registered/enrolled nurses	56	58	76	77	72
Physiotherapists	7	4	4	2	2
Social workers	18	15	18	18	20
Health workers	88	81	72	65	75
Total	169	158	170	162	169

Qualifications of our qualified staff

We believe that the qualifications and experience of our qualified staff are crucial to the competitiveness of our Group. Therefore, we place significant emphasis on recruitment, training and retention of our qualified staff.

We recruit our qualified staff based on their qualifications, experience, reputation and previous compliance records. Suitability and credentials are assessed through interviews conducted by the head of our relevant care and attention home.

Our human resources department will verify the certifications and conduct background checking procedures such as reference checks on our nurses, physiotherapists, social workers and health workers.

We believe that we maintain high standards in recruitment of quality members of our qualified team and we provide them with competitive compensation packages and a cohesive working environment. During the Track Record Period and up to the Latest Practicable Date, we did not receive any significant complaints nor penalties on our qualified team that would have a material effect on our business, financial condition or results of operations. During the Track Record Period, (i) all our health workers were registered under the RCH(EP)R; (ii) all our registered nurses were duly registered with the Nursing Council of Hong Kong and all our registered and enrolled nurses were holders of valid practising certificates; (iii) all our physiotherapists were registered with the Board of Physiotherapists and holders of valid practising certificates; and (iv) all our social workers were registered under the Social Workers Registration Ordinance.

OUR EMPLOYEES AND CONTRACTORS

Our employees

A breakdown of the number of our full-time and part-time employees, comprising both local and imported workers, as at Latest Practicable Date is set forth in the table below:

Function	Number of employees
Home managers	9
Registered nurses	21
Enrolled nurses	51
Social workers	20
Physiotherapists	2
Physiotherapist assistants	17
Health workers	75
Care workers	165
Ancillary workers	89
Technicians	4
Administrative and management	12
Total	465

A breakdown of the turnover rate of our employees during the Track Record Period is set out below:

Function	Employee turnover rate (%) *(Note)* For the year ended 31 March			For the four months ended 31 July
	2014	2015	2016	2016
Home managers	11.1	11.1	11.1	—
Registered nurses	—	14.3	17.4	13.0
Enrolled nurses	48.6	54.1	35.8	7.5
Social workers	55.6	33.3	61.1	5.6
Physiotherapists	42.9	50.0	—	50.0
Physiotherapist assistants	36.4	77.8	27.3	18.2
Health workers	28.4	37.0	52.8	19.4
Care Workers	28.6	24.1	27.2	6.8
Ancillary Workers	23.5	22.7	35.5	7.8
Technicians	—	—	33.3	—
Administrative and management	—	—	—	—
Total	21.1	24.9	23.2	9.8

Note: Employee turnover rate is calculated based on the number of full-time employees who left as at the relevant year end date divided by the total number of employees as at the relevant year end date.

Our employee turnover rate was approximately 21.1%, 24.9%, 23.2% and 9.8% for each of the three years ended 31 March 2016 and the four months ended 31 July 2016. As mentioned in the Ipsos Report, a high employee turnover in respect of general frontline workers is the nature of the RCHE industry in Hong Kong. As such, we have engaged employment agencies to source required manpower in order to solve temporary labour shortages, further details of which are disclosed in the paragraph headed "Our Employees and Contractors — Employment agency" in this section.

Our care and attention homes are service-oriented. Therefore our success, to a considerable extent, depends on our ability to attract, motivate and retain a sufficient number of qualified employees. Our employees are selected through an established recruitment process. The remuneration package of our employees includes salaries, bonuses, allowances and overtime payments. We periodically appraise the performance of our employees for the review of their salary and promotion. With a view to upgrading the skills and knowledge of our employees, our Group provides an on-going training for our employees. Our qualified staff receive regular technical training on the operation of medical devices, treatment procedures and caretaking skills. See "Our Qualified Staff" in this section for further details of our professional staff. Our administrative and management staff also receive a systematic training on management skills and business operation. In the past we collaborated with external training institutions to provide modern management training courses to the senior management of our Group to enhance their management capabilities and skills.

During the Track Record Period, we had not experienced any material dispute with our employees or disruption to our operations due to labour dispute and we had not experienced any difficulties in the recruitment and retention of experienced or qualified staff.

Employment agencies

To optimise our administrative costs in human resources by obtaining additional workforce to solve temporary labour shortage, during the Track Record Period, we engaged five employment agencies to source our required manpower, including care workers, health workers and physiotherapists. We take into account a number of factors when selecting employment agencies to source manpower, including (i) their reputation; (ii) whether their workers possess the necessary qualifications and experience to carry out the required duties; (iii) the availability of their workers; (iv) past working experience of their workers; and (v) their pricing. Our Group will strive to source the same temporary staff from such agencies and such agencies are regularly monitored and assessed by our Group. Interviews will be conducted with our home manager or an employee assigned by our home manager to assess their work experience and to validate their qualifications. In addition, to ensure satisfactory performance of workers sourced from employment agencies, all temporary staff are also required to attend on-going trainings provided by our Group. Save for Well Mount, which was one of our five largest suppliers for the year ended 31 March 2015, all of these employment agencies were Independent Third Parties. See "Our Suppliers — Major suppliers" in this section for details of Well Mount. We do not enter into any framework agreements with these employment agencies. As and when needed, we place orders with these employment agencies in respect of the number and type of personnel we require. At the end of each month, the employment agencies produce an invoice showing the number of hours attended by the personnel referred by them with the relevant fees computed. Upon checking against our record, we arrange payment to the employment agencies. Employee compensation insurance and MPF in respect of the personnel sourced are contributed by the relevant employment agencies.

Our Directors believe that the use of employment agencies is a normal practice in the industry and such arrangement could ease our administrative burden.

Contractors

As at Latest Practicable Date, we engaged the services of two visiting medical officers, one dietitian and one pharmacist who were considered as our contractors. These contractors visit our care and attention homes periodically and provide consultation services to our residents. We pay our contractors a fixed fee which is either a monthly fee or based on the number of hours of visit to our care and attention homes. We generally do not enter into long-term agreements with our contractors. We adopt an internal quality evaluation system for contractor selection and it is our policy to maintain a list of approved contractors for the provision of visiting medical or related services. See "Our Suppliers — Major suppliers" in this section for details of our selection criteria.

Save for Dr. Ho Chi Tim, the visiting medical officer engaged by our Group who currently holds directorships in 19 of our subsidiaries and was our Director during the period between 18 August 2015 and 30 April 2016, there is no pre-existing employer-employee relationship between our contractors and our Group and all of them were Independent Third Parties. During the Track Record Period, the service fees paid to these contractors amounted to approximately HK$0.6 million, HK$0.5 million, HK$0.6 million and HK$0.4 million, respectively.

QUALITY CONTROL

Providing quality residential care services for the elderly is one of our Group's management priorities. To this end, we have adopted a stringent control and assurance system to monitor and ensure standard operation procedures are adopted at our care and attention homes.

Quality management system

Our quality management system is established in accordance with the requirements of ISO9001. Our employees are required to familiarise themselves with our staff manual, operation procedures and guidelines which regulate various aspects including but not limited to training, elderly safety, event management, hygiene, food safety, medicine dispensation, accidents management, purchases and medical consultation arrangements. Our home managers are responsible for the overall monitoring of service quality and ensuring that quality residential care services are provided to our residents in accordance with our established standardised operation procedures and guidelines. Our quality management system aims to fully implement procedures for periodic quality control, quality risk management and error protection and prevention. We continuously review, measure and analyse our management system to improve the service provided to our residents.

Quality assurance monitoring committee

Our quality assurance monitoring committee is established to oversee the quality of the elderly care services provided to our residents. The composition of our quality assurance monitoring committee comprises our management team, our employees, families of our residents and parties independent from our Group. The quality assurance monitoring committee is responsible for conducting surprise audits on our care and attention homes and subsequent to such audits, provide objective feedback to improve our operation processes. The audit system includes review of the bedrooms, facilities, meal provision service, medicine dispensation, nursing service, provision of social activities and attitude of employees. On-site inspections are also conducted from time to time by members of our quality assurance monitoring committees.

Residential Aged Care Accreditation Scheme

Our Group is also accredited with the Residential Aged Care Accreditation Scheme of Hong Kong Association of Gerontology. Such accreditation program promotes best practices in the RCHE industry, and is currently the only scheme in Hong Kong being recognised by the international accreditation, The International Society for Quality in Health Care. Accreditation under the scheme ensures that our care and attention homes have, among others, (i) established an effective governance; (ii) provided a safe, hygienic and comfortable environment, facilities and services for our residents; (iii) established a set of planning, supervision and service improvement process to meet the needs of residents; and (iv) established an effective information management system.

Other quality assurance measures

We conduct periodic surveys with the residents and their families. We then conduct management review meetings to review the survey results and identify key improvement areas and opportunities, and design and implement measures to improve on such deficiencies identified. We have also participated in the "Residential Care Homes for the Elderly Service Quality Team" plan of the SWD since 2013, pursuant to which members of our service quality team will visit our care and attention homes on a regular basis. After such visits, the members of our service quality team will make recommendations to us and the SWD will follow up with us.

Handling of complaints

We have set up an email account and hotlines independent of our care and attention homes to handle complaints from our residents, their relatives and our other customers, including the SWD. Our complaint handling hotlines allow complainants to submit their complaints on an anonymous basis to an operator independent of our care and attention homes.

We recorded two, two, one and nil complaint(s) from our residents or their relatives per year for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, respectively, with respect to our operation of care and attention homes in Hong Kong, based on our internal records. The complaints we received during the Track Record Period generally concerned the service quality of our staff and the fees charged for accompanying residents to attend medical checks. We treat complaints seriously and view them as a means to consistently improve our service level and quality. Upon receiving a complaint, we will report the details of the complaint to the home manager who will designate the relevant department head to carry out follow up actions. Depending on the degree of seriousness of the complaint, we may inform the relatives or guardian of the relevant resident. The complaint will also be reported to our independent complaints committee which will offer response to the complainant. As at the Latest Practicable Date, the members of our independent complaints committee consisted of seven members comprising (i) four Directors, namely, Mr. Elson Yim, Mr. Billy Yim, Mr Edwin Yim and Mr. Chan Yip Keung; (ii) two members of our senior management, namely, Ms. Pun Shuk Kan Pisa and Ms. Yam Hau Kam; and (iii) Ms. Maggie Woo, our chief accountant. Such independent complaints committee is selected primarily based on their experience in the RCHE industry and the fact that they are not directly involved in the operations of a specific care and attention home in our Group in order to maintain a fair and unbiased view. Upon receipt of complaints, members of the independent complaints committee will carry out investigations including but not limited to conducting interviews with the home manager, staff, residents and/or the resident lodging the complaint, where appropriate. Once the investigation is completed, the independent complaints committee will hold a meeting and develop an action plan. In addition, for each complaint received, we will promptly record the complaint in our internal records and respond to or take necessary rectification actions. We review our internal records of suggestions and complaints on a regular basis and provide suitable employee training based on these records in order to improve our operations.

During the Track Record Period, there were certain occasions on which the SWD instigated investigation on us upon receipt of complaints. Such complaints mainly related to poor attitude of certain staff, failure to provide proper care to certain residents and poor odour in the care and attention home. Such complaints were due to misunderstandings and were later resolved.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not experience any complaints from customers concerning our service quality that had any material adverse impact on our brand, our business and results of operations.

Food quality

We have adopted standard operational procedures to govern the handling of food ingredients and supplies at our care and attention homes. For selection criteria of food suppliers, see "Our Suppliers — Major suppliers" in this section for further details. In respect of quality control on food ingredients, the chef at each of our care and attention homes is responsible for inspecting our food ingredients and supplies. It is our policy to procure food from licenced as well as reputable shops. Food procured should be fresh and healthy in accordance with the meal menu designed by us and reviewed and approved by our dietitian. A majority of our chefs have over 10 years of experience in the food business, including experience in food quality control. Our chefs have also attended occupational and food safety courses organised by the Hospitality Industry Training and Development Centre and the Occupational Safety and Health Council as well as internal trainings organised by us.

In respect of quality control at the food preparation stage, it is supervised by our chefs and prepared in accordance with our formulated food processing procedures. Our operational manual sets out the food processing procedures and quality standards for different stages of food preparation conducted at our kitchens. For instance, hands must be cleaned before food preparation and aprons and caps must be worn during food preparation. Cooked and raw food should be held in separate containers to avoid cross-contamination. Aside from food preparation, our manual also sets out storage procedures, hygiene standards, serving standards and guidance on kitchen staff conduct. For instance, food should be stored in covered containers under the requisite temperature and used on a first-in-first-out basis and health workers and care workers must clean their hands before distributing meals and should ensure that the meals are distributed to the right residents.

We require our kitchen staff, health workers and care workers to strictly adhere to the standards and procedures stipulated in the manuals to ensure that our food is safe for consumption.

Collection, storage and dispensation of medicine

In respect of the collection, storage and dispensation of medicine to the elderly, each of our care and attention homes has to strictly follow standardised operational procedures set out in our in-house manual, the rules of which are based on local laws and regulations, including the drug management manual for residential care homes for the elderly. Such standardised operational procedures provide guidance in respect of the preparation, handling and administration of medication. A summary of the relevant procedures is as follows:

- upon admission to our care and attention homes, we will check the medication required to be taken by our residents, and record details of their medication and the next follow-up consultation date in the relevant residents' records;

- normally, drugs shall not be kept by the residents themselves unless our caretakers have evaluated them to be able to understand their doctors' prescription and to intake drugs on time and that there is no risk of such drugs being taken mistakenly by neighbouring residents. After collecting the drugs from our residents, we sort the drugs according to their nature, residents and time for consumption. We place the drugs in locked cabinets or other specified places in accordance with the relevant instructions stated on the package. We regularly check whether the drugs have been expired, whether the labels have fallen off, whether the drugs have gone bad and whether the drugs have been stored for too long;

- we only dispense medication with doctors' prescription to residents. Before dispensation, we implement "three checks five rights" (三核五對), namely (a) after taking out the drugs from the cabinet; (b) before collecting the drugs from the drug bottle or package; and (c) at the time of putting back the drugs into the cabinet and to check the (i) right resident; (ii) right drugs; (iii) right time; (iv) right route; and (v) right dosage, for three times;

- upon attending follow-up consultation by the residents, we arrange to dispose of the same medication which were in excess and record the date when the residents started or ceased to take the medication. For medication prescribed during follow-up consultation, we adopt the same collection and storage policies as mentioned above;

- upon visits by visiting medical officer and outreach doctors, we will inform them of the medication that the residents are currently taking to avoid prescribing the same medication. If the visiting medical officer and outreach doctors prescribe additional medication on an as-needed basis, we will record the same in the relevant residents' records. We will then monitor the residents' intake of the medication which is on an as-needed basis; and

- drugs that have expired or are in excess will be handled by the home manager in accordance with the relevant laws and regulations. We will register with the Environmental Protection Department as chemical waste producer. During each disposal, drugs under regulation (e.g. antibiotics) will be categorised and registered before sending to licenced waste collector for disposal.

During the Track Record Period and up to the Latest Practicable Date, save as an incident relating to the use of expired insulin medication on two residents, further details of which are disclosed in "Compliance with Laws regulations and codes of practice — Non-compliance with RCH(EP)O, RCH(EP)R and RCHE Code of Practice" in this section, we did not experience any complaints from customers concerning the collection, storage and dispensation of medication that had any material adverse impact on our brand, our business and results of operations. In light of the incident relating to the use of expired medication, we have enhanced our procedures of medicine checking consistent across our nine care attention homes pursuant to which the opened medicine will be checked by the nurse station on a weekly basis and by the home manager on a random basis.

Cash management

As some of our residents settle their payment of residential care place fees and other fees (such as for the payment of purchase of elderly home related goods) by cash, to avoid misappropriation and illegal uses of cash, we have adopted a cash management and delivery system in each of our care and attention homes. Cash is centrally received by the cashier at each care and attention home and petty cash is kept in our safes located in each care and attention home for operational use. Cash received from our residents are delivered to banks when the amount kept of each care and attention home exceeds HK$20,000.

During the Track Record Period, we did not experience any misappropriation of cash by our employees, residents or other relevant third parties that had any material adverse impact on our business and results of operations.

INVENTORY CONTROL

It is the practice of our operations to maintain a minimal inventory level and supplies are procured on an as-needed basis. Most of our stock of food, medical supplies, nutritional milk, diapers are stored at each of our care and attention homes. We regularly monitor the level of inventory at each care and attention home and maintain strict control pursuant to our inventory control policy. Our inventory control policy provides guidelines to our staff in the management and control of inventory, including safeguarding and disposal, to eliminate any potential misuse and misappropriation of our inventory. During the Track Record Period, we did not experience any significant write-offs of our inventory.

SALES AND MARKETING

To develop our brand and enhance our brand awareness, our Group has continuously engaged various advertising and promotion activities through a number of channels below.

Media advertising

We have advertised our brand and services on selected media channels:

- magazines: we place advertisements on various magazines to provide information in respect of our service offerings;
- brochures and newsletters: we publish brochures setting out certain details of us, such as the services we provide, location of our care and attention homes, facilities, qualified staff, certification, as well as eligibility for applying for residential care places. We also issue newsletters twice a year setting out the activities and programmes we arrange for the residents and comments and reviews from our residents, their relatives and our employees; and
- online marketing: we market and promote our services through our corporate website and online advertisements, including facebook and keyword searches on google and yahoo.

Spokesperson

We have engaged Mr. Lau Hing Kee, with the stage name of Mr. Lau Dan (劉丹) (**"Mr. Lau"**), as our brand spokesperson in Hong Kong, as we consider that he corresponds with our brand and corporate image. We believe that the engagement of our spokesperson contributes to the promotion of our services and awareness and profile of our brand.

The principal terms of our agreement with Mr. Lau are as follows:

- contract term shall be for three years commencing from 1 January 2015;
- Mr. Lau agrees to be spokesman and allows our Group to use his image for our care and attention homes; and
- copyright and other types of intellectual property rights of all information/date generated in the course of performing the agreement belong to our Group.

Our Directors are of the view that engaging brand spokesperson corresponds well with our Group's healthy image which will favourably increase our brand awareness.

ENVIRONMENTAL MATTERS

Since we handle pharmaceutical products at our care and attention homes on a day-to-day basis and need to dispose chemical and clinical waste, we have registered for the disposal of pharmaceutical products in accordance with the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) and Waste Disposal (Clinical

Waste)(General) Regulation (Chapter 345O of the Laws of Hong Kong) and engaged chemical and clinical waste collection service provider to dispose of our chemical and clinical waste.

During the Track Record Period, we had implemented a set of internal policies and guidelines to ensure the disposal of chemical and clinical waste and pharmaceutical substances in a safe manner. We had engaged a qualified waste disposal and recycling company licenced by the Environmental Protection Department to handle the disposal of hazardous waste, including expired and unwanted pharmaceutical products.

Our Group had not received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of our Group's operations and up to the Latest Practicable Date.

INFORMATION TECHNOLOGY

As part of our efforts to modernise our information systems, we have developed in-house a customised care and attention home management software to handle our administrative, nursing and operational workflow in our network of care and attention homes.

Our customised care and attention home management software acts as our core application for handling and storing records of our residents and plays a key role in the daily operations of our care and attention homes. It provides point of electronic documentation tailored made to our operations, containing information including but not limited to personal details of our residents, vaccination records, hospitalisation/clinical visit records, medication records, accident records, individual care plans and social worker follow up records.

In view of securing our residents' information and ensuring data integrity of our system, the confidential information and medical records of our residents are protected by regular back-ups. Furthermore, we implement appropriate levels of access control rights for our qualified staff as security shields for computer systems to safeguard our residents' privacy. Our information and data protection policy which governs the collection, transfer, and subsequent processing of personal information ensures that our qualified team and our employees would properly handle personal information relating to our residents. In compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), Mr. Edwin Yim oversees our data compliance program and measures and all personal data will be classified as restricted pursuant to which data will be protected by the relevant regulations, company policies and contractual language. During the Track Record Period, we had not received any complaint or warning from relevant authority in relation to the privacy of personal data of our residents.

We also have in place certain technologies for protecting our residents and assisting us to take care of our residents. For instance, each bed is installed with a safety alarm for emergency and the resident's clothing contains a sensor which will alert our care and attention home if the resident leaves the care and attention home without being accompanied by our staff.

We plan to further upgrade and improve our information technology systems to support the growth and expansion of our business and operations. We are currently in the process of developing in-house (i) mobile applications to allow residents or their families to access, among others, profiles of residents, medical records, progress reports and bill payments; and (ii) staffing and rostering software to facilitate human resources management.

INTELLECTUAL PROPERTY

We rely on our trademarks and other intellectual property rights, including trade names, website, domain names which are either owned or registered by us. As at the Latest Practicable Date, we were the registered owner of five trademarks, including "松齡" and "Pine Care", which are relevant to the ordinary course of our business operations. See "Statutory and General Information — B. Further information about the business of our Company — 2. Intellectual property rights" in Appendix V to this prospectus for further details of our intellectual property rights which are material to our business and operations.

As at the Latest Practicable Date, we were not engaged in or threatened with any claim for infringement of any intellectual property rights, whether as a claimant or as a defendant. We believe that we have taken reasonable measures to prevent infringement of our own intellectual property rights.

INSURANCE

As at the Latest Practicable Date, we had purchased and maintained insurance policies for all of our care and attention homes, which covered business interruption, malicious attack, professional indemnity, employment compensation and other liabilities in line with the industry practice.

Our Directors consider our insurance coverage to be customary for businesses of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations.

PROPERTIES

We occupy certain properties in Hong Kong in connection with our business operations.

Owned properties

As of the Latest Practicable Date, we owned seven properties in Hong Kong with an aggregate GFA of 71,401 sq.ft. (with saleable area ranging from 1,740 sq.ft. to 24,456 sq.ft.) in Hong Kong. Such properties were used as sites for our care and attention homes, staff dormitories, workshops and ancillary offices. See "Property Valuation Report" in Appendix III to this prospectus for further details of our property interests.

The following table sets forth a summary of the properties owned by us as at the Latest Practicable Date:

Properties held		Approximate saleable area	Our use of property
		(sq.ft.)	
1.	Tak Fung Property 1	1,828	Care and attention home (Pine Care (Tak Fung) Elderly Centre)
2.	Tak Fung Property 2	6,170	Care and attention home (Pine Care (Tak Fung) Elderly Centre)
3.	Pinecrest Property	7,625	Care and attention home (Pinecrest Elderly Centre) *(Note)*
4.	Manning Property	17,603	Care and attention home (Pine Care (Manning Elderly Centre))
5.	Hong Fai Property	11,979	Care and attention home (Pine Care Hong Fai Elderly Centre)
6.	Po Tak Property	24,456	Care and attention home (Pine Care (Po Tak) Elderly Centre)) and staff dormitory
7.	Workshops 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories	1,740	Workshop and ancillary office

Note: The business address of Pinecrest Elderly Centre is G/F, No. 36, Tung Ming Street and 1/F, No. 63 Hong Ning Road, Kwun Tong, Kowloon.

Leased properties

As at the Latest Practicable Date, we leased 11 properties in Hong Kong with an aggregate net floor area/GFA of 99,925 sq.ft. (with floor area/GFA ranging from 289 sq.ft. to 33,424 sq.ft.) which were used as sites for our care and attention homes, warehouses, staff dormitories and physiotherapy clinic and the respective lease term is between approximately one year and six years.

The following table sets forth a summary of the properties leased by us as at the Latest Practicable Date:

	Address of the leased properties	Approximate net floor area/GFA	Our use of the relevant property	Expiry date of the lease	Notice period of early termination in respect of properties occupied by our care and attention homes	The year in which our Group started our business relationship with the relevant landlord
		(sq.ft.)				
1.	Shop Nos. B6-B14, C5-C7 & C11–C15 on ground floor of Shui Ning House, Nos. 24–28 Shui Ning Street & 2–10, 14–24 Wan Hon Street, Kowloon. . .	10,705	The premises for the operation of Pine Care Centre	31 July 2017	Not less than six months *(Note 3)*	1989
2.	5/6 of third floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Kowloon, Hong Kong	2,065	The premises for the operation of Pine Care (Tak Fung) Elderly Centre	31 July 2019	Within the specified period, if written notice of demolition issued by the government is received *(Note 4)*	2012
3.	Portion of ground floor, first floor and second floor of Shun Lee Shopping Centre (Phase 2), and Shop Nos. F20, F21 and F22, F3 Floor, Lee Foo House, Shun Lee Estate, 15 Lee On Road, Kwun Tong, Kowloon, Hong Kong	29,306	The premises for the operation of New Pine Care Centre	22 February 2019	Not less than three months *(Note 3)*	2010
4.	Shop Nos. 101 to 108, F2 floor, Lee Foo House, Shun Lee Estate, 15 Lee On Road, Kwun Tong, Kowloon, Hong Kong	5,387	The premises for the operation of Pine Care (Lee Foo) Elderly Centre	22 February 2019	Not less than three months *(Note 3)*	2010
5.	Shop H on ground floor, 1/F to 4/F of Lung Tang Building, No. 204 Hing Fong Road, Nos. 31–35, 37, 39–41 Ko Fong Street and Nos. 41–43 Shing Fong Street, Kwai Chung, New Territories, Hong Kong.	14,343	The premises for the operation of Pine Care (Po Tak Branch) Elderly Centre	7 October 2017 *(Note 1)*	Six calendar months *(Note 3)*	2000
6.	All those residential care home for the elderly premises on the ground level to Level 3 of the commercial accommodation of the development erected on Yuen Long Town Lot no. 507	33,424	The premises for the operation of Pine Care Place	30 November 2022	Not less than three months *(Note 3)*	2016

	Address of the leased properties	Approximate net floor area/GFA	Our use of the relevant property	Expiry date of the lease	Notice period of early termination in respect of properties occupied by our care and attention homes	The year in which our Group started our business relationship with the relevant landlord
		(sq.ft.)				
7.	9/F and roof, Lot No.487 in DD 443 (Yuet Kwong Industrial Building), Tsuen Wan, New Territories erected on Lot No. 487 in Demarcation District No. 443	3,000	Warehouse	11 April 2019	N/A	2016
8.	Flat C on 4th floor, Yau Lee Building, Nos. 9–27 Yee On Street, Kwun Tong, Kowloon *(Note 2)*	516	Staff dormitory	31 March 2018	N/A	2016
9.	Flat H on 18th floor, Che Wah Building, No. 8 Po Ying Lane, Tsz Wan Shan, Kowloon *(Note 2)*	420	Staff dormitory	31 March 2018	N/A	2015
10.	Flat M on 3rd floor, Tai Shun House, No. 4 Hong Cheung Street, Hong Kong	289	Staff dormitory	28 February 2017	N/A	2016
11.	Room 702, 7th floor, 363 Nathan Road, Kowloon	470	Physiotherapy clinic	15 May 2017	N/A	2013

Notes:

1. Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the Possible Acquisition. See "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus for further details of the Possible Acquisition.

2. See "Connected Transactions — Continuing connected transactions fully exempt from Shareholders' approval, annual review and all disclosure requirements — Tenancy agreements between Giant Success and our Group in relation to staff dormitories" in this prospectus for further details in respect of our rental of staff dormitories from our connected persons.

3. As set out in the existing tenancy agreements in relation to the premises currently occupied by our existing care and attention homes, written notice of early termination of not less than three or six months is generally required to be served by landlord or tenant during the term of the tenancy in, among others, the circumstances where (i) the landlord sells or redevelops or refurnishes or repairs or rebuilds or renovates or revitalises or changes the user of the building or any part thereof which shall include the premises; or (ii) the operation of care and attention home in the relevant premises is not allowed by governmental authorities or any application for the grant/renewal of the relevant license(s)/permit(s) from appropriate governmental authorities in connection with the permitted use is refused by appropriate governmental authorities.

4. A portion of the third floor of Pine Care (Tak Fung) Elderly Centre (the "**Leased Property**") is leased by our Group for the operation of a care and attention home. Tak Fung Property 1 and Tak Fung Property 2 are owned by us for operation of Pine Care (Tak Fung) Elderly Centre under the same RCHE licence. Since our Group's application of RCHE licences generally involves the review of various government

authorities (such as the SWD and Buildings Department), the Leased Property, Tak Fung Property 1 and Tak Fung Property 2 are subject to inspection by the LORCHE in respect of building safety. Furthermore, our Directors were not aware of any notice or order issued by Buildings Department concerning any dangerous buildings or building defects related non-compliances of the Leased Property, Tak Fung Property 1 and Tak Fung Property 2 during the Track Record Period and up to the Latest Practicable Date. As such, our Directors are of the view that the Leased Property complies with the applicable building rules and regulations.

During the Track Record Period, we did not experience any material difficulty in renewing our lease agreements or exploring new premises for our care and attention homes.

POSSIBLE ACQUISITION FOR RELOCATION OF PINE CARE (PO TAK BRANCH) ELDERLY CENTRE

Background

Gericare Centre received a letter dated 30 November 2016 in relation to the Early Termination. In response to the Early Termination, we entered into the MOU which is non-legally binding on 4 January 2017 for the Possible Acquisition, for the purpose of accommodating a majority of the existing residents of Pine Care (Po Tak Branch) Elderly Centre. The Target Company is the licence holder of an existing care and attention home in Hong Kong.

The consideration for the Possible Acquisition is HK$13,880,000, which was determined after arm's length negotiations between the parties after taking into account the need of our Group for a readily available premises to accommodate a majority of the existing residents of Pine Care (Po Tak Branch) Elderly Centre, the physical conditions of the existing care and attention home operated by the Target Company and the general demand for care and attention homes for the elderly in Tsuen Wan. See "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" in this prospectus for details of the terms of the Possible Acquisition.

The following aims to set out the estimated scale of the Target RCHE and the expected timetable for the relocation assuming that the Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre materialises for illustrative purpose.

Estimated scale of the Target RCHE

The Target Premises has a net floor area of approximately 1,072.5 sq.m. (equivalent to approximately 11,544.39 sq.ft.) which is currently leased by a director of the Target Company from its landlord, both of whom are Independent Third Parties, under a three-year tenancy agreement expiring in January 2019 (the "**Target Premises Tenancy Agreement**").

As the floor area of the Target Premises is smaller than that of the premises currently occupied by Pine Care (Po Tak Branch) Elderly Centre, it is estimated that the Target RCHE will be able to accommodate approximately 113 residents, representing approximately 80.7% of the total number of residential places currently available at Pine Care (Po Tak Branch) Elderly Centre with a view of having the Target RCHE to continue to satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R. As such, it is expected that the relocation will result in a reduction in the total number of residential places available at our Group by approximately 27 from 140 residential places available at Pine Care (Po Tak Branch) Elderly Centre to an estimated 113 residential places to be available at the Target RCHE.

In addition, the Target Company will be required to enter into a new EBPS Agreement with the SWD for the purpose of having the Target RCHE participated in the EBPS, while the existing EBPS Agreement entered into between Gericare Centre and the SWD in relation to Pine Care (Po Tak Branch) Elderly Centre will be terminated due to the relocation. Given that there is currently a strong demand for residential care places in Hong Kong, the relocation to the Taregt RCHE represents an opportunity to save time and effort of the existing residents of Pine Care (Po Tak Branch) Elderly Centre and/or their families to seek for another care and attention home, our Directors believe that the relocation is the interest in our Group as well as the elderly society in Hong Kong. We will ensure that the Target RCHE will satisfy the enhanced standards for EA1 classification, such as having a minimum net floor area per resident of 9.5 m^2 and the relevant staffing requirement (such as having at least one home manager, two registered/enrolled nurses, and two health workers). See "Regulatory Overview — Regulations in relation to the operation of Residential Care Homes For the Elderly — Enhanced Bought Place Scheme (EBPS)" in this prospectus for details of the relevant requirements. Due to the smaller floor area of the Target RCHE as compared to that of Pine Care (Po Tak Branch) Elderly Centre, based on our Directors' best estimation, the number of residential places under the EBPS available at the Target RCHE will be approximately 79 as compared to the 98 residential places under the EBPS available at Pine Care (Po Tak Branch) Elderly Centre as at the Latest Practicable Date. Based on our preliminary understanding on (a) the SWD's requirements on enhanced standards (such as staffing and spacing requirements) for the application by a care and attention home to participate in the EBPS; and (b) the Target Company, particularly its satisfactory compliance record (such as the nature of SWD's warning letter received by the Target Company or the Target RCHE from the SWD) based on our preliminary due diligence which we believe is relevant to our operation, our Directors believe that there will be no major difficulty for the Target Company to enter into a new EBPS Agreement in relation to the Target RCHE after termination of the existing EBPS Agreement entered into between Gericare Centre and the SWD in relation to Pine Care (Po Tak Branch) Elderly Centre due to the relocation.

In view of the smaller floor area of the Target RCHE, the relocation will also result in the release of some of the existing manpower which is expected to be absorbed internally by our other care and attention homes, particularly due to the additional staff required in relation to the Upgrade. It is also expected that there will be no material change in the services and amenities to be provided in the Target RCHE as compared with those provided in Pine Care (Po Tak Branch) Elderly Centre.

See "Legal Compliance and Litigation — Licences" in this section for details of the RCHE licence held by the Target Company.

Expected timetable

Shortly after the receipt of the letter in relation to the Early Termination on 30 November 2016, we notified the SWD in early December 2016 of such event and our intention to look for a suitable care and attention home for relocation. Also, we notified the SWD of the entering into of the MOU on 4 January 2017 shortly after it was entered into.

Pursuant to the MOU, the Formal Agreement shall be entered into upon fulfilment of certain provisions, including the Vendors causing the extension of the term of the Target Premises Tenancy Agreement for not less than three years until January 2022, by the end of February 2017 and subject to the terms and conditions of the Formal Agreement, completion of the Possible Acquisition, if materialised, shall take place on such date as set out in the Formal Agreement. As at the Latest Practicable Date, the Formal Agreement had not been entered into.

For illustrative purpose, assuming that the Formal Agreement shall be entered into at the end of February 2017 and that completion of the Possible Acquisition, if materialised, shall take place in early March 2017, the indicative timetable for the relocation of Pine Care (Po Tak Branch) Elderly Centre to the Target RCHE is set out below:

Event	Tentative timetable (2017)
Change in name of the Target RCHE being approved by the SWD *(Note 2)*	23 February to 27 February
Application by the Target Company to enter into a new EBPS Agreement with the SWD	1 March
Carrying out of renovation work before relocation *(Note 1)*	1 March to 22 March
Final inspection of renovation	22 March
Site inspection by LORCHE	22 March to 29 March
Carrying out of modification works based on suggestions by LORCHE (if any)	29 March to 5 April
Transfer of existing residents from Pine Care (Po Tak Branch) Elderly Centre who have been allocated residential care places in the Target RCHE and who decided to move in to the Target RCHE *(Note 3)*	6 April
Commencement of operation of the Target RCHE by us and the new EBPS Agreement becoming effective	6 April

Notes:

1. It is expected that the existing residents from Pine Care (Po Tak Branch) Elderly Centre who decided to move in to our other care and attention homes and those who did not opt for the relocation to the Target RCHE or our other care and attention homes will be transferred or discharged (as the case may be) shortly before 6 April 2017 while the SWD will be responsible for arranging the transfer of the remaining residents participating under the EBPS due to the anticipated reduction in the total number of residential places under the EBPS available at our Group by approximately 19 as a result of the smaller area of the Target Premises.

2. In late December 2016, the SWD was informed about the change in name of the Target RCHE. Pursuant to the RCHE Code of Practice, the relevant approval procedures of the SWD generally take not more than eight weeks. As the RCHE licence held by the Target Company will expire on 28 February 2017, the Target Company submitted the application for the renewal of the RCHE licence held by it to the SWD on 15 December 2016.

3. As the Target Premises is currently used by the Target Company for the operation of an existing care and attention home, we do not anticipate that there will be a significant amount of preparatory work to be carried out prior to the commencement of operation of the Target RCHE by us after the completion of the Possible Acquisition as no material renovation or modification work to the Target Premises is required.

Potential impact on our Group assuming that the Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre materialises

Operational impact

Our Directors do not expect that the relocation as a result of the Possible Acquisition, if materialised, will have a material adverse impact on our existing operations on the basis of the followings:

(i) we expect that there will be no material change to the number of our employees as a majority of our staff of Pine Care (Po Tak Branch) Elderly Centre will be retained and transferred to the Target RCHE;

(ii) it is expected that the interruption to the business of Pine Care (Po Tak Branch) Elderly Centre will mainly be caused by the time and effort it will take to physically transfer the existing residents from Pine Care (Po Tak Branch) Elderly Centre to the Target RCHE, however, we believe that the extent of such interruption, its impact on our Group and the residents of Pine Care (Po Tak Branch) Elderly Centre as a result of the relocation will be minimal because:

(a) we have had prior experiences in the logistical arrangements for home relocation from the relocation of the operations of Previous New Pine Care Centre to the current New Pine Care Centre and Pine Care (Lee Foo) Elderly Centre in 2010; and relocation of the operations of Tsz Wan Shan Pine Care Elderly Home to Pine Care (Tak Fung) Elderly Centre;

(b) we will make all the necessary logistics arrangements and monitor the entire transfer process to ensure that it will be smooth. Additional manpower, if required, can be arranged by our Group internally to ensure a smooth implementation of the relocation. It is estimated that the transfer of existing residents from Pine Care (Po Tak Branch) Elderly Centre to the Target RCHE can be completed within one day. See "Possible Acquisition for Relocation of Pine Care (Po Tak Branch) Elderly Centre — Expected timetable" in this section above;

(c) the Target RCHE will have a total number of residential places of approximately 113 which is approximately 27 places less than the 140 residential places available at Pine Care (Po Tak Branch) Elderly Centre as at the Latest Practicable Date. We believe that the vacant places available at our other care and attention homes will be sufficient to accommodate the shortfall in relation to individual customers while the SWD will be responsible for arranging the transfer of the remaining residents participating under the EBPS;

(d) we believe that the expected timetable and logistical arrangements for the relocation are feasible as they have been formulated based on our experience in the relocation of the operations of our previous care and attention homes, namely (a) Previous New Pine Care Centre to Pine Care (Lee Foo) Elderly Centre in 2010 and to the current New Pine Care Centre; and (b) Tsz Wan Shan Pine Care Elderly Home to Pine Care (Tak Fung) Elderly Centre;

(iii) we will deploy sufficient manpower to be transferred to the Target RCHE to satisfy the relevant staffing requirements and make necessary arrangements to ensure that the Target RCHE will satisfy the requirement of minimum net floor area per resident for EA1 classification under the RCH(EP)R;

(iv) as the Target Premises is currently used by the Target Company for the operation of an existing care and attention home, we do not anticipate that there will be a significant amount of preparatory work to be carried out prior to the commencement of operation of the Target RCHE by us after the completion of the Possible Acquisition as no material renovation or modification work to the Target Premises is required. In addition, certain chattels, furniture or equipment currently used by the existing care and attention home operated by the Target Company will be retained by us; and

(v) given that there is currently a strong demand for residential care places in Hong Kong, the relocation to the Target RCHE represents an opportunity to save time and effort of the existing residents of Pine Care (Po Tak Branch) Elderly Centre and/or their families to seek for another care and attention home, our Directors believe that the relocation is in the interest in our Group as well as the elderly society in Hong Kong. We will ensure that the Target RCHE will satisfy the enhanced standards for EA1 classification, such as having a minimum net floor area per resident of 9.5 m^2 and the relevant staffing requirement (such as having at least one home manager, two registered/enrolled nurses, and two health workers). See "Regulatory Overview — Regulations in relation to the operation of Residential Care Homes For the Elderly — Enhanced Bought Place Scheme (EBPS)" in this prospectus for details of the relevant requirements. Based on our preliminary understanding on (a) the SWD's requirements on enhanced standards (such as staffing and spacing requirements) for the application by a care and attention home to participate in the EBPS; and (b) the Target Company, particularly its satisfactory compliance record (such as the nature of SWD's warning letter received by the Target Company or the Target RCHE) based on our preliminary due diligence which we believe is relevant to our operation, our Directors believe that there will be no major difficulty for the Target Company to enter into a new EBPS Agreement in relation to the Target RCHE after termination of the existing EBPS Agreement entered into between Gericare Centre and the SWD in relation to Pine Care (Po Tak Branch) Elderly Centre due to the relocation.

Whether our Group will be liable for any claims or compensations from existing residents of Pine Care (Po Tak Branch) Elderly Centre as a result of the relocation

Further, our Directors consider that the chance of our Group will be liable for any claims or compensations from existing residents of Pine Care (Po Tak Branch) Elderly Centre (comprising the SWD and individual customers) as a result of the relocation is low since:

(i) in respect of residents enrolled under the EBPS, we have notified the SWD of the possible relocation as a result of the Early Termination and the Possible Acquisition, if materialised;

(ii) in respect of individual customers, while the relevant contracts do not contain provisions in relation to the giving of notice in relation to the possible relocation, pursuant to the RCHE Code of Practice, we may serve a notice in writing on any resident and on the guardian/guarantor/family members/relatives/contact persons of such resident, discharge that resident and require him/her to quit the residential care home before the expiry of such period being not less than 30 days as shall be indicated in the notice. We have notified the individual customers of the possible relocation as a result of the Early Termination and the Possible Acquisition, if materalised;

(iii) based on a survey conducted by us in mid-December 2016 with the family members of the existing residents of Pine Care (Po Tak Branch) Elderly Centre in respect of their intention on the relocation, over 80% of the family members of the existing residents in Pine Care (Po Tak Branch) Elderly Centre who participated in the said survey have indicated that they preliminarily agreed to the relocation to the Target RCHE while some of them have shown interest in being relocated to our other existing care and attention homes. We expect that once the Formal Agreement has been entered into, we will conduct such survey again shortly thereafter to obtain their final decision as to whether they will move in to the Target RCHE, or our other care and attention homes or they have other arrangements within one week from conducting such updated survey; and

(iv) the Early Termination, being the reason for our Group to conduct the Possible Acquisition, is due to the refurbishment of the building of which the premises currently occupied by Pine Care (Po Tak Branch) Elderly Centre forms part, which is beyond our Group's control. Further, it does not involve the default of contractual obligations on the part of our Group, nor does it constitute a non-compliance by our Group with any applicable laws or regulations in Hong Kong.

Financial impact

Given the reasons referred to under paragraph (iv) in "Potential impact on our Group assuming that the Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre materialises — Operational impact" in this section above, we do not anticipate that we will incur a significant amount of capital expenditure prior to the commencement of operation of the Target RCHE by us after the completion of the Possible Acquisition. To our Directors' best estimation, our Group expects to incur a total capital expenditure of approximately HK$0.2 million, which will comprise mainly costs in relation to renovation materials such as bedside lamps, floor tiles and ceiling tiles.

To our Directors' best estimate, based on the consideration for the Possible Acquisition of HK$13,880,000 as set out in the MOU, we expect to recognise property, plant and equipment of approximately HK$0.2 million and an intangible asset of the RCHE licence of the Target RCHE of approximately HK$13.7 million, which will be amortised over the term of the Target Premises Tenancy Agreement (assuming and including the term of the Target Premises Tenancy Agreement which has been extended for not less than three years until January 2022 before the entering into of the Formal Agreement), on our consolidated statements of financial position upon signing the Formal Agreement, and we also expect additional depreciation for the property, plant and equipment and amortisation for the RCHE licence of the Target RCHE will be charged to our consolidated statements of profit or loss.

Subject to the conditions precedent of the MOU and/or Formal Agreement being fulfilled or waived, with reference to the Target Premises Tenancy Agreement, we currently anticipate that the monthly rental payable by the Target Company for occupying the Target Premises under the Target Premises Tenancy Agreement will be lower than the monthly rental of approximately HK$320,000 payable by Pine Care (Po Tak Branch) Elderly Centre. As such, there will be an annual saving of rental expenses going forward.

As the floor area of the Target Premises is smaller than that of the premises currently occupied by Pine Care (Po Tak Branch) Elderly Centre, it is estimated that the relocation will result in a reduction in the total number of residential places available at our Group by approximately 27 and a reduction in the total number of residential places under the EBPS available at our Group by 19. Our Directors believe that such difference in the number of residential places under the EBPS is insignificant. The decrease in revenue as a result of the decrease in the total number of residential places available at our Group is partially offset by the decrease in monthly rental and therefore such difference in the number of residential places has no material financial impact on our Group.

We plan to finance the above costs and expenses by our internal resources.

Potential impact on our Group in the event that the Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre does not materialise

In the event that the Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre does not materialise, we will continue to identify other suitable and readily available care and attention home and in the event that no other suitable care and attention home is identified, it is expected that (i) the SWD will be responsible for arranging the transfer of all residents enrolled under the EBPS; (ii) certain existing residents from Pine Care (Po Tak Branch) Elderly Centre who have been allocated residential care places in our other care and attention homes will be transferred to those homes, subject to their agreement to such transfer; and (iii) the remaining existing residents from Pine Care (Po Tak Branch) Elderly Centre will make their own arrangement and may be transferred to care and attention homes operated by other Independent Third Parties.

Although Pine Care (Po Tak Branch) Elderly Centre contributed approximately HK$18.3 million, HK$19.6 million, HK$20.3 million, and HK$7.0 million of our total revenue and approximately HK$2.4 million, HK$2.2 million, HK$2.3 million and HK$1.0 million of our profit before tax from continuing operations during the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 12.4%, 12.0%, 11.8% and 11.8% of our total revenue and approximately 13.6%, 5.1%, 8.9% and 6.8% of our profit before tax from continuing operations for such periods, respectively, our Directors do not expect that the Early Termination will have a material adverse impact on our Group in the long run taking into account that we expect to commence business operation of our Pine Care Place in September 2017 and we plan to utilise our net proceeds from the Listing to further expand our network of care and attention homes in Hong Kong.

Further, in the event that the Possible Acquisition does not materialise and there will be no relocation, our Directors do not expect such event would have a material adverse impact on our Group in renewing our existing RCHE licences and EBPS Agreements or obtaining new ones on the following basis:

(i) ***There is no default on the part of our Group.*** The Early Termination, being the reason for our Group to conduct the Possible Acquisition, is due to the refurbishment of the building of which the premises currently occupied by Pine Care (Po Tak Branch) Elderly Centre forms part, which is beyond our Group's control. Further, it does not involve the default of contractual obligations on the part of our Group, nor does it constitute a non-compliance by our Group with any applicable laws or regulations in Hong Kong. As such, (a) based on the understanding of our Directors and warnings letters we received, it does not fall within the events which would be likely to trigger the SWD to initiate prosecution, cancel or suspend the licences of the relevant RCHEs, refuse to renew the licences or change any condition attached to the licences; and (b) in light of the fact that we had successfully renewed the EBPS Agreements of all of our care and attention homes during the Track Record Period, it would not be likely to trigger the SWD not to renew the term of the relevant EBPS Agreements with us. See "Our Customers — The SWD — Other key characteristics of the EBPS" in this section for further details; and

(ii) ***We have a proven track record.*** We have established a long-term cooperative relationship with the SWD under the EBPS which we believe are mainly attributable to our established operating history and leading market position. See "Our Customers — Our long-term cooperative relationship with the SWD under the EBPS" in this section for further details. During the Track Record Period, we successfully renewed all RCHE licences and EBPS Agreements with the SWD, which we believe was mainly attributable to our quality of services and having no record of prosecution, revocation or temporary suspension of RCHE licence, refusal to renew the licences, nor change in any conditions attached to the RCHE licences held by us.

We have implemented internal control policies pursuant to which we have assigned Mr. Billy Yim, our executive Director to collect information on the property market in Hong Kong on monthly basis in order to maintain record of latest available properties which are suitable for running care and attention home for acquisition and rental purposes. We believe that such policies would help us identify suitable acquisition and/or rental targets in the event that any future relocation is required or that the Possible Acquisition is not materialised. See "Our Strategies — Continue to expand our network of care and attention homes in Hong Kong — Horizontal expansion" in this section for further details of the internal control policies.

WORKPLACE HEALTH AND SAFETY

We are subject to the occupational health and safety requirements under Hong Kong law. We have instituted internal safety policies and systems with a view to implement and ensure strict compliance with such requirements. During the Track Record Period, we had certain workplace accidents which resulted in injuries. For the three years ended 31 March 2016 and the four months ended 31 July 2016, we recorded six, four, seven and two workplace accidents which involved our employees, respectively. All workplace accidents had been reported to the Labour Department. For each of the three years ended 31 March 2016 and the four months ended 31 July 2016, the amount of compensation paid to the injured employees amounted to approximately HK$0.1 million, HK$0.1 million, HK$0.1 million and HK$400, respectively, which was covered by the relevant insurance maintained by us.

During the Track Record Period, we did not experience any material claims or accidents in relation to safety issues or were not involved in any accident causing death or serious injury in the course of our Group's business.

Safety management

Due to the nature of our industry, incidents at our care and attention homes may have detrimental effects on the health and safety of our employees and residents. We have established standardised workplace safety and health procedures that all our employees are required to comply with in the operation of our care and attention homes. We have established and maintained a customised safety management system which emphasises participation of all of our employees. Such system is formulated with the objective of:

- prevention of accidents, incidents, ill health, occupational diseases and related risks in respect of our employees and residents;
- compliance with applicable laws, regulations and standards governing the management of our care and attention homes;
- continual improvement and prevention of accidents/incidents; and
- promotion of safety awareness among employees and residents through education and training.

We endeavour to comply with all relevant laws and regulations on labour, health and safety by routine evaluation of the hazards and safety of our care and attention homes and work out feasible working procedures which are reviewed and updated periodically to maintain effectiveness. Our safety and management system is monitored by Mr. Edwin Yim, our executive Director, who oversees the compliance of workplace safety and health procedures.

LEGAL COMPLIANCE AND LITIGATION

Certain licences are required to be obtained and maintained by our Group for the operations of our care and attention homes. See "Regulatory overview — Regulations in relation to the operation of residential care homes for the elderly" in this prospectus for further details.

Licences

The following table sets out the existing material requisite licences obtained in relation to our operations and their respective expiry dates.

	Licence/permit/certificate	Granting/ registration authority	Licence holding subsidiary	Scope	Expiration date
1.	Licence of Residential Care Home for the Elderly . .	SWD	Pine Care Centre Limited	Operation of Pine Care Centre	31 December 2017
2.	Licence of Residential Care Home for the Elderly . .	SWD	Pacific First Limited	Operation of Pine Care (Tak Fung) Elderly Centre	31 May 2018
3.	Licence of Residential Care Home for the Elderly . .	SWD	Besting Holdings Limited	Operation of New Pine Care Centre	31 July 2018
4.	Licence of Residential Care Home for the Elderly . .	SWD	Hinta Enterprises Limited	Operation of Pinecrest Elderly Centre	31 December 2017
5.	Licence of Residential Care Home for the Elderly . .	SWD	Fitbest Corporation Limited	Operation of Pine Care (Manning) Elderly Centre	31 July 2017
6.	Licence of Residential Care Home for the Elderly . .	SWD	Masswell Development Limited	Operation of Pine Care Hong Fai Elderly Centre	31 July 2018
7.	Licence of Residential Care Home for the Elderly . .	SWD	Besting Holdings Limited	Operation of Pine Care (Lee Foo) Elderly Centre	31 July 2018
8.	Licence of Residential Care Home for the Elderly . .	SWD	Gericare Centre Limited	Operation of Pine Care (Po Tak) Elderly Centre	31 July 2018
9.	Licence of Residential Care Home for the Elderly . .	SWD	Gericare Centre Limited	Operation of Pine Care (Po Tak Branch) Elderly Centre	31 July 2018

In line with the Early Termination, we expect that our existing licence for the operation of Pine Care (Po Tak Branch) Elderly Centre will cease to be effective from 31 May 2017.

The type of RCHE authorised to be operated under the RCHE licence held by the Target Company is the same as that authorised under the existing licence held by us for Pine Care (Po Tak Branch) Elderly Centre. As the RCHE licence held by the Target Company will expire on 28 February 2017, the Target Company submitted the application for the renewal of the RCHE licence held by it to the SWD on 15 December 2016.

After the renewal of the said RCHE licence held by the Target Company and completion of the Possible Acquisition, if materialised, we will operate the Target RCHE under the renewed RCHE licence held by the Target Company. Based on our Directors' understanding, no requirement for obtaining SWD's prior authorisation, consent or approval for the change in shareholding of the company holding a RCHE licence is explicitly stated in the applicable laws and regulations and RCHE Code of Practice. Based on the enquiry with the SWD, (i) notification to the SWD for the change in, among others, the shareholders, directors and/or employees of the company holding a RCHE licence is required within two weeks after the said changes; and (ii) the validity of RCHE licence held by such company subject to change in shareholders will not be affected. Shortly after the MOU was entered into on 4 January 2017, we voluntarily notified the SWD of the entering into of the MOU and the Possible Acquisition. As the operation of the Target RCHE will commence after the completion of the Possible Acquisition and the relocation and in light of the above, our Directors consider that the validity of the RCHE licence held by the Target Company will not be affected by the Possible Acquisition and the relocation of residents from Pine Care (Po Tak Branch) Elderly Centre. Our Directors endeavour to keep SWD informed of any updates on the change in shareholders of the Target Company.

Compliance with laws, regulations and codes of practice

A summary of the key laws and regulations which are applicable to our Group's operations is set out in the section headed "Regulatory Overview" of this prospectus. Save as disclosed below, during the Track Record Period and up to the Latest Practicable Date, our Group had complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

Non-compliance with building-related statutory provisions

During the Track Record Period and up to the Latest Practicable Date, there were two instances of non-compliance with building-related statutory provisions in respect of two of our properties (including one self-owned property and one leased property) in Hong Kong, one of which related to a building order issued by the Building Authority.

Set out below are the details of the building order issued by the Buildings Department and registered at the Land Registry during the Track Record Period and up to the Latest Practicable Date:

Property/building concerned	Subject of legal compliance issue	Legal implications	Status as at the Latest Practicable Date
Shop on 3rd floor of the Hong Fai Property ("**Property 1**") (which is owned by Wellfield Properties, a subsidiary of our Company, and forms part of the premises where we operate Pine Care Hong Fai Elderly Centre)	A building order dated 7 May 2015 was issued by the Buildings Department to the owner of Property 1 ordering demolition of a dilapidated canopy attached to the external wall on 3/F facing Hing Man Street and reinstatement of the parts of the building so affected in accordance with the plans approved by the Buildings Department. Such canopy was erected before we acquired Property 1 in 2006.	A person failing to comply with a building order issued by the Buildings Department without reasonable excuse will be liable on conviction to a fine of HK$200,000 and to imprisonment for one year, as well as a further fine of HK$20,000 for each day during which failure to comply with the said order has continued. If the building order issued by the Buildings Department is not complied with, the Buildings Department may demolish or alter or cause to be demolished or altered such building, building works or street works. Such order constitutes a title defect and may entitle a future purchaser not to complete purchase of the property unless the title defect is rectified, or where such purchaser agrees to purchase the property subject to the specific title defect.	The dilapidated canopy had been demolished and the parts of the building so affected had been reinstated. A letter of compliance dated 2 September 2015 was issued by the Buildings Department. During the Track Record Period and up to the Latest Practicable Date, no prosecution had been initiated against the relevant subsidiary of our Company.

Set out below are the details of the non-compliance incident with the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) (the "**BO**") during the Track Record Period and up to the Latest Practicable Date:

Property/building concerned	Subject of legal compliance issue	Legal implications	Status as at the Latest Practicable Date
Shop Nos. B6-B14, C5-C7, C11-C15 on ground floor thereof Shui Ning House, 24–50 Shui Ning Street, Kwun Tong, Kowloon on Kwun Tong Inland Lot Nos. 595 and 596 ("**Property 2**") (which is leased by an Independent Third Party to Pine Care Centre, a subsidiary of our Company, and forms the premises where we operate Pine Care Centre)	The relevant subsidiary of our Company failed to notify the Buildings Department regarding the change of land use in accordance with the procedure set out in section 25(1) of the BO because we mistakenly believed that no notification to the Buildings Department was required before or after the issue of the first RCHE licence to our Group in respect of the operation of Pine Care Centre in July 2000. Before the issue of the first RCHE licence to our Group in respect of the operation of Pine Care Centre, the SWD granted RCHE certificates of exemption to our Group in respect of Pine Care Centre, expressly citing the condition that Property 2 was not for "residential" use and the Buildings Department had to sanction the change in land use, and a RCHE licence would only be granted upon satisfaction of this condition. When the SWD granted the first RCHE licence to our Group in respect of the operation of Pine Care Centre in July 2000, there was no longer any reference to the said condition. Pine Care Centre is our first care and attention home, which is the only care and attention home within our Group that commenced operation before was in force the RCHE licencing system in April 1995.	A person failing to give any notice required to be given under the relevant section will be liable on conviction to a fine of HK$100,000 and to imprisonment for 2 years. Our Group received a letter from the SWD dated 17 August 2016 in which the SWD confirmed that in April 2000 it was advised by the Buildings Department that the Buildings Department did not intend to prohibit the use of Property 2 for the purpose of residential care home for the elderly under section 25 of the BO. Based on such letter, our Legal Counsel is of the view that the Buildings Department had in fact and in substance sanctioned the change in land use of Property 2 and therefore there is no realistic risk of the Buildings Department taking any enforcement against our Group in relation to the change in land use. Our Legal Counsel further opines that there may still be a non-compliance of section 25(1) of the BO as the relevant subsidiary of our Company failed to give prior notice of the change in land use to the Buildings Department. That said, the failure took place long before the 12-month prosecution time bar under section 40(8) of the BO and therefore it is our Legal Counsel's opinion that there is no risk of any enforcement action by the Buildings Department in this regard.	As at the Latest Practicable Date, no further action had been taken by the Buildings Department or the SWD. Our Directors are of the view that there would be no material impact on our Group's operation or financial positions as a result of this non-compliance.

During the preparatory stage of the Listing, we appointed an authorized person under the BO ("**Authorised Person**") to inspect all of our properties for compliance with the building-related statutory provisions. An Authorised Person is a person who is an architect, an engineer or a surveyor registered on a register kept by the Buildings Department and who is authorised to carry out specified functions under the BO. Various inspections had been conducted by the Authorised Person who has given his opinions on the compliance of our properties with the applicable building-related statutory provisions as at the Latest Practicable Date. Based on the opinions of the Authorised Person and searches conducted at the Land Registry, as at the Latest Practicable Date, the Directors believe that our Group was compliant with all such building-related statutory provisions in all material respects.

Non-compliance with RCH(EP)O, RCH(EP)R and RCHE Code of Practice

As disclosed in "Regulatory Overview — Regulations in relation to the operation of residential care homes for the elderly — Licensing Office of Residential Care Homes for the Elderly LORCHE", the SWD established the LORCHE for the administration of the licensing scheme under the RCH(EP)O, the RCH(EP)R and the RCHE Code of Practice. The LORCHE handles applications and renewal of licences for RCHEs. The LORCHE is also responsible for monitoring the operation of RCHEs on an ongoing basis and providing guidance and advice to the operators of RCHEs to ensure that all RCHEs continuously comply with the licensing requirements stipulated under the RCH(EP)O, RCH(EP)R and the RCHE Code of Practice.

The LORCHE comprises four professional inspectorate teams, responsible for conducting inspection in building safety, fire safety, health and care and social work. The inspectorate teams conduct surprise inspections at RCHEs, covering aspects such as drug management, personal care services, infection control, handling of accidents, environmental hygiene, meals and staffing. The LORCHE's inspectors conduct interviews with the residents and their relatives to collect feedback on the services provided by RCHEs. In addition, officers of the LORCHE conduct audit checks through surprise inspections at RCHEs randomly assigned to them by computer to ensure the quality of inspections.

The LORCHE adopts a risk-based approach in conducting inspections and accords priority to complaints handling. After conducting inspection at an RCHE, the LORCHE will adjust the frequency of inspections having regard to the number and nature of non-compliant items identified during the inspection to ensure that the non-compliant items are timely rectified. RCHEs are required by the LORCHE to rectify irregularities detected during inspections. Depending on the severity of the irregularities, advisory or warning letters are issued to non-compliant RCHEs. Under the RCH(EP)O, the SWD may issue a direction to the RCHE to direct remedial measures. If the RCHE fails to comply with a direction given, prosecution action may be taken.

During the Track Record Period and up to the Latest Practicable Date, New Pine Care Centre had received two warning letters and each of Pine Care Centre and Pine Care (Po Tak) Elderly Centre had received one warning letter from the LORCHE. Set out below are the details of the warning letters issued to our Group by the LORCHE during the Track Record Period and up to the Latest Practicable Date:

RCHE involved	Particulars of the non-compliance	Underlying reason(s) for the non-compliance and personnel involved in the non-compliance	Remedial actions taken	Potential maximum penalty/fine	Measures to prevent any future breaches and ensure on-going compliance
New Pine Care Centre	Failing to comply with the Guidance on Fees of the Enhanced Bought Place Scheme by charging excessive injection fee for diabetic patient in May 2013.	The underlying reason for the non-compliance was an inadvertent oversight on the part of the clerical staff preparing the revised fee schedule which took effect in May 2013. A bill issued with reference to the revised fee schedule was presented to a resident who is a diabetic patient. Our Directors confirm that our Group had no intention to increase the injection fee for diabetic patient or charge excessive fee for diabetic patient at the relevant time.	A corrected fee schedule was released after correcting the figure in question. We also contacted the relative of the resident concerned to arrange for refund of the excessive fee charged. The excessive fee charged was refunded.	As set out in the warning letter dated 23 July 2013, if the relevant RCHE receives five or more warning items within the 2-year agreement period (i.e. from April 2012 to March 2014), the number of the places bought by the SWD from the relevant RCHE will be reduced by 5 or 5% of the total number of bought places (whichever is lower). As at the Latest practicable Date, no further action had been taken by the SWD against us in respect of the relevant warning.	Starting from June 2013, the home manager of the relevant RCHE is required to review fee schedule after revision but before release, with particular attention to any substantial adjustment to fees. In addition, starting from January 2014, our Group is in the process of computerising the master payment schedule and issue of bills. Under the new computerised system, only the home manager of each of our RCHEs will be authorised to revise the fee schedule of the relevant RCHE.

RCHE involved	Particulars of the non-compliance	Underlying reason(s) for the non-compliance and personnel involved in the non-compliance	Remedial actions taken	Potential maximum penalty/fine	Measures to prevent any future breaches and ensure on-going compliance
Pine Care Centre	Failing to comply with Paragraph 11.6.4 of the RCHE Code of Practice by failing to apply physical restraints safely to two residents in July 2013. Our staff is required to follow our policy and procedures for the use of restraints, which are in line with the RCHE Code of Practice. Under the RCHE Code of Practice, "restraints" refer to purposely-made devices to limit a resident's movement so as to minimise harm to self and/ or other residents. Commonly used restraints may include safety belts with or without buckles, safety vests, soft ties, restrictive gloves or wrist restraints, soft cloth mittens, etc. In accordance with our policy and procedures for the use of restraints, restrictive gloves were applied to two residents suffering from dementia. However, our staff failed to record the conditions of the two residents, and redness of the hands of one resident and swelling of the hands of another resident were noted by the SWD.	The underlying reason for the non-compliance was an inadvertent oversight on the responsible staff who failed to record the conditions of two residents with restrictive gloves properly in accordance with the procedures. Our Group takes the use of restraints extremely seriously, and requires all staff strictly follow our policy and procedures for the use of restraints. When considering the use of restraints, our Group adheres to the following principles: • Restrainers can only be used under the following circumstances: — when a resident's behavior causes harm to himself/herself or to others; — when a resident's erratic movements are likely to cause fall accident; and/or — when a resident's behavior prevents the proper use of medical equipment and supplies. • The use of restraints may have long term effects on the resident's health, and must only be used as a last resort, after other methods have been proven to be ineffective. • An evaluation by a professional staff must be completed to determine the need for a restraint. • Written consents for the use of a restraint must be obtained from both the resident's doctor and the resident's guardian. • When choosing among different types of restraints, our staff must select the one with the minimum level of constraint that can achieve the desired effect. • The duration of the use of restraint must be kept as brief as possible. • When using a restraint, our staff must pay attention to the resident's dignity, privacy, safety and comfort. • Our staff must also apply the restraint in such a way that allows it to be released quickly in case of emergencies. Both of the two residents mentioned in the warning letter dated 31 July 2013 suffered from dementia. In both cases, the residents were found to have a tendency of removing their nasogastric tubes (i.e. a narrow bore tube passed into the stomach via the nose, for short- or medium-term nutritional support, and also for aspiration of stomach contents) and diapers. After trying other methods to limit the two residents' movement so as to minimise harm to themselves and/or other residents, and finding such methods to be ineffective, our staff conducted an evaluation and concluded that the use of restrictive gloves was needed. The use of restrictive gloves was discussed with the guardians and doctors of the two residents, and written consents for the use of restrictive gloves were obtained. Our Directors consider that the relevant staff did follow our policy and procedures before using the restraints.	The restrictive gloves were released immediately and the conditions of the residents were inspected. When it was discovered that the restrictive gloves on one of the residents were too tight and there was redness on the hands of the resident, the restrictive gloves were immediately removed by our staff. When it was discovered that the hands of the other residents were swollen up, the restrictive gloves were immediately removed by our staff. A special meeting was held to re-introduce and remind the nurses, health workers and care workers on the guidelines on safe use of physical restraints and the correct use of observation records.	As set out in the warning letter dated 31 July 2013, if the relevant RCHE fails to remedy the non-compliance as soon as possible, the SWD may initiate prosecution, cancel or temporarily suspend the licence of the relevant RCHE, refuse to renew the licence, or change any condition attached to the licence. As at the Latest practicable Date, no further action had been taken by the SWD against us in respect of the relevant warning.	Starting from August 2013, care workers are required to check the conditions of the part(s) of the body of a resident under restraint and properly record the conditions of the resident every two hours. Home manager, nurses and/or health workers are required to inspect the use of physical restraints and observation records randomly on a daily basis. Health workers and care workers are required to participate in annual training and assessment on the use of physical restraints and observation records.

RCHE involved	Particulars of the non-compliance	Underlying reason(s) for the non-compliance and personnel involved in the non-compliance	Remedial actions taken	Potential maximum penalty/fine	Measures to prevent any future breaches and ensure on-going compliance
New Pine Care Centre	Failing to comply with Paragraph 11.3.2 of the RCHE Code of Practice by failing to administer drugs correctly and safely to two residents in December 2015. Insulin was given to two residents by injection on the 11th day and the 14th day after the respective expiry dates after un-sealing.	The underlying reason of the non-compliance was an inadvertent oversight on the responsible staff who failed to check the un-sealing dates and expiry dates after un-sealing on the labels affixed on the relevant vials of insulin.	Immediate check on the un-sealing dates and expiry dates after un-sealing of all stock of insulin in the RCHE was conducted, and new labels were affixed. Medical checks were conducted on the residents concerned. We also contacted the relatives of the residents concerned to report the incidents.	As set out in the warning letter dated 4 January 2016, if the relevant RCHE fails to remedy the non-compliance as soon as possible, the SWD may initiate prosecution, cancel or temporarily suspend the licence of the relevant RCHE, refuse to renew the licence, or change any condition attached to the licence. As at the Latest practicable Date, no further action had been taken by the SWD against us in respect of the relevant warning.	Starting from January 2016, nurses and health workers are required to check the un-sealing dates and the expiry dates after un-sealing of all insulin on a weekly basis, with random check performed by home managers of RCHEs. If a nurse is on duty, the insulin should be drawn up by a nurse and injection should be given by a nurse.

RCHE involved	Particulars of the non-compliance	Underlying reason(s) for the non-compliance, personnel involved in the non-compliance and remedial actions taken	Potential maximum penalty/fine	Measures to prevent any future breaches and ensure on-going compliance
Pine Care (Po Tak) Elderly Centre	Failing to comply with Paragraph 11.1 of the RCHE Code of Practice, which requires a RCHE to satisfy the needs in health and care of residents when assisting them in carrying out daily living and self-care activities. A resident was injured during toilet training in Pine Care (Po Tak) Elderly Centre in April 2016. Notwithstanding that we have taken immediate measures in response to the injury, the SWD was of the view that there was a delay in arranging medical treatment for the resident. The SWD suggested Pine Care (Po Tak) Elderly Centre to record the reasons for seeking medical consultation of its residents and accurately record any relevant accident or incident.	Immediately after the injury, our nurse conducted check and assessment on the conditions of the resident and no sign of serious injury was noted. Our nurse made a written record of the injury pursuant to our work protocols and contacted the relative of the resident, who agreed that the resident should remain in the relevant care and attention home for observation. On the day after the injury, our nurse verbally notified our visiting medical officer and physiotherapist of the injury, and arranged for further check and assessment on the conditions of the resident by our visiting medical officer and physiotherapist. When our visiting medical officer checked and assessed the conditions of the resident, the resident made no complaint of pain resulting from the injury. Our visiting medical officer diagnosed that the resident was having a fever. The medical diagnosis form adopted by our Group did not require our visiting medical officer to record the reasons for seeking medical consultation of our residents. Accordingly, the medical diagnosis form in respect of the resident completed by our visiting medical officer made no record of the injury. Symptoms of bone fracture of the resident were noted seven days after the injury. Upon further medical check by our visiting medical officer, the resident was admitted to a hospital.	We submitted an application dated 3 July 2016 to the SWD for revoking the warning letter dated 23 June 2016. By way of a letter dated 18 November 2016, the SWD confirmed its issue of the relevant warning letter. As set out in the relevant warning letter, if the relevant RCHE fails to remedy the non-compliance as soon as possible, the SWD may initiate prosecution, cancel or temporarily suspend the licence of the relevant RCHE, refuse to renew the licence, or change any condition attached to the licence. The refusal by the SWD to revoke the relevant warning letter has no impact on the potential maximum penalty originally set out in the relevant warning letter. We have implemented a number of remedial measures in respect of the contents and the use of various forms used at the relevant RCHE, toilet training of the residents at the relevant RCHE, and record-keeping skills of our staff at the relevant RCHE. By way of our letter to the SWD dated 23 November 2016, we informed the SWD of the above-mentioned remedial measures. The licence of the relevant RCHE was renewed for two years starting from 1 August 2016, shortly after the issue of the warning letter dated 3 July 2016. As at the Latest Practicable Date, no further action had been taken by the SWD against us in respect of the relevant warning. In view of the above and based on the fact that during the Track Record Period and up to the Latest Practicable Date, our Group (i) had not experienced any prosecution, cancellation or temporary suspension of any RCHE licence, refusal to renew the licence, nor change in any conditions attached to any RCHE licence; (ii) had not experienced any reductions in the total number of residential care places purchased by the SWD pursuant to the EBPS in respect of our care and attention homes nor refusal to renew the EBPS Agreements, our Directors consider that our failure to revoke the relevant warning letter will not have a material impact on our Group and the renewal of the licence and the EBPS Agreement of the relevant RCHE.	Starting from November 2016, our Group has adopted a new visiting medical officer rounds record form which requires our nurses and health workers to state the reasons for seeking medical consultation on such visiting medical officer rounds record form for the visiting medical officers' attention and sign-off. Our Group has revised its guidelines on toilet training. The relevant RCHE has adopted a new toilet chair inspection record form and its residents who are assessed to be in need of toilet training have started to use wheel-less toilet chairs. Our staff at the relevant RCHE is required to inspect toilet chairs on a daily basis and ensure all safety belts of toilet chairs secured. They are also required to be present throughout the toilet training to prevent residents from injuries. The relevant RCHE has held workshops in respect of record-keeping skills to strengthen the training on preparation of nursing records and shift handover records. Our staff at the relevant RCHE is required to fill in rounds summary form before the visiting medical officers do rounds. The visiting medical officers are required to make rounds record at length and sign off rounds summary form after each diagnosis to acknowledge the conditions of resident as recorded by our staff.

During the Track Record Period and up to the Latest Practicable Date, Pine Care (Tak Fung) Elderly Centre had received one verbal warning from the SWD. Set out below are the details of the verbal warning received by Pine Care (Tak Fung) Elderly Centre from the SWD during the Track Record Period and up to the Latest Practicable Date:

RCHE involved	Particulars of the non-compliance	Underlying reason(s) for the non-compliance and personnel involved in the non-compliance	Remedial actions taken	Potential maximum penalty/fine	Measures to prevent any future breaches and ensure on-going compliance
Pine Care (Tak Fung) Elderly Centre	As set out in the notice issued by the SWD dated 7 November 2013, a verbal warning was issued by the SWD in respect of Pine Care (Tak Fung) Elderly Centre's failure to comply with paragraph 9.1 of the RCHE Code of Practice by failing to meet with the minimum staffing requirement on 25 October 2013 as one more health worker was required to be on duty between 7 a.m. and 8 a.m on 25 October 2013.	The underlying reasons for the incident were (i) that a health worker failed to report duty and the immediate supervisor of the relevant health worker was not able to arrange for a replacement at the relevant time; and (ii) inadvertent oversight on the staff responsible for roaster planning who failed to add a buffer to both of the night shift ending at 8 a.m. on 25 October 2013 and the morning shift starting at 7 a.m. on 25 October 2013. Our Group requires the staff responsible for roaster planning to add a buffer to both of the night shift ending at 8 a.m. and the morning shift starting at 7 a.m.	An internal memorandum on the minimum staffing requirement was circulated to home managers of all of our Group's care and attention homes whereby the home managers were required to pay particular attention to paragraph 9.1 of the RCHE Code of Practice.	As set out in the notice issued by the SWD dated 7 November 2013, the SWD may revise the verbal warning and/or proceed to issue a warning letter in respect of the non-compliance and/or initiate prosecution. As at the Latest Practicable Date, no further action had been taken by the SWD against us in respect of the relevant warning.	Shortly after becoming aware of the incident which took place on 25 October 2013, starting from late October 2013, home managers are required to review staff duty roaster on a weekly basis to ensure compliance with the staffing requirements attached to the licence. Our Group has engaged employment agencies to source required/additional manpower in order to solve temporary labour need. Our Directors confirmed that save for the incident on 25 October 2013, our Group had complied with the minimum staffing requirements in all material respects, and had not received any warning from the SWD in respect of non-compliance with paragraph 9.1 of the RCHE Code of Practice or otherwise found not to be in compliance with paragraph 9.1 of the RCHE Code of Practice, during the Track Record Period and up to the Latest Practicable Date.

Non-compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance

During the Track Record Period and up to the Latest Practicable Date, our subsidiaries had inadvertently breached certain sections of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance. The table below summarises such incidents of non-compliance with the filing requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance:

Group companies involved	Particulars of the non-compliance	Underlying reason for the non-compliance and personnel involved in the non-compliance	Remedial actions taken	Potential maximum penalty/fine	Measures to prevent any future breaches and ensure on-going compliance
Besting Holdings, Chun Fai, Pine Care Centre and Prime Health	Late filing of various specified forms with the Companies Registry from April 2013 to August 2015.	The underlying reasons for the non-compliance were (i) an inadvertent oversight on the part of our staff responsible for the preparation of filings with the Companies Registry; and (ii) a lack of sufficient procedures to keep track of our filing of different forms required under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance.	The forms were filed.	As advised by our Legal Counsel, the relevant Group company and every responsible person may be liable to a potential maximum principal fine ranging from HK$10,000 to HK$50,000 and a potential maximum daily default fine ranging from HK$300 to HK$1,000 for each offence. As advised by our Legal Counsel, the chance of prosecution in respect of such non-compliances is low given that they have been rectified and no prosecution has been brought. As advised by our Legal Counsel, even if there is any prosecution, the chances of the court imposing maximum penalties for the aforementioned non-compliances are remote. Based on the advice of our Legal Counsel on the non-compliance incidents disclosed above, our Directors are of the view that there would be no material impact on our Group's operation or financial positions as a result of the above instances of non-compliance.	Starting from May 2016, Mr. Chan Yip Keung, our chief financial officer and company secretary (who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and whose qualifications and experience are set out in "Directors and Senior Management" in this prospectus) is responsible for supervising the staff responsible for the preparation of filings with the Companies Registry. The relevant staff is required to keep a register up to date on a monthly basis in respect of, among other things, the preparation and filing status of all relevant documents required under the Companies Ordinance (including various forms that are required to be filed in at least the following month). Mr. Chan is also responsible for reminding the relevant staff to prepare and file all required documents in a timely manner in advance. In addition, coaching has been provided to the relevant staff by Mr. Chan, who is currently undertaking a postgraduate programme in corporate governance, regarding the latest requirements under the relevant laws and the relevant enhanced internal control measures, which is expected to complete in August 2017.

Non-compliance with the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "IRO")

During the Track Record Period and up to the Latest Practicable Date, our Group had inadvertently breached the IRO. Details of such non-compliance incidents are set out in the table below:

Relevant section of the IRO	Particulars of the non-compliance	Underlying reason(s) for the non-compliance and personnel involved in the non-compliance	Remedial actions	Estimated/actual fine/penalty	Measures to prevent any future breaches and ensure on-going compliance
Section 52(4) of the IRO	Our Group had submitted employer's return of remuneration & pensions (IR 56B) but failed to submit the notice (IR 56E) regarding the commencement of employment of all employees (based on our Group's records kept for the recent seven years, a total of 296 employees of our Group were involved) which is required to be filed within three months after the commencement of employment of such employee as at 31 March 2016.	The breaches were not wilful and were due to an inadvertent oversight of the administrative staff responsible for employee records who were not familiar with the legal requirements under the IRO.	Upon inquiry with the Inland Revenue Department in September 2016 by calling the general enquiry hotline of the Inland Revenue Department, we were informed that the outstanding IR 56E was not required to be submitted since the relevant employer's return of remuneration & pensions (IR 56B) had been submitted.	As advised by our Legal Counsel, under the IRO, the maximum penalty for each offence is HK$10,000. Accordingly, the maximum penalty which may be imposed on our Group in respect of such non-compliance would not be more than HK$2.96 million in aggregate. During the Track Record Period and up to the latest Practicable Date, there had not been any prosecution initiated against our Group or our officers, nor had any of them been subject to any fine or penalty relating to the aforementioned non-compliance incidents in relation to the IRO. As advised by our Legal Counsel, the likelihood of our Group or our officers being prosecuted, fined or penalised as a result of the aforementioned non-compliance incidents is low.	Starting from May 2016, Mr. Chan Yip Keung, our chief financial officer and company secretary (who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and whose qualifications and experience are set out in "Directors and Senior Management" in this prospectus) is responsible for supervising the staff responsible for the preparation of filings with the Inland Revenue Department. Mr. Chan is also responsible for reminding the relevant staff to prepare and file the required forms upon employing new staff or receiving resignation notice from any staff.
Section 52(5) of the IRO	Our Group had submitted employer's return of remuneration & pensions (IR 56B) but failed to submit the notice (IR 56F) regarding the cessation of employment of 184 employees (based on our Group's records kept for the seven years) which is required to be filed within one month before the expected date of departure of such employee as at 31 March 2016. In addition, the notice (IR 56F) regarding the cessation of employment of 222 employees (based on our Group's records kept for the seven years) were not submitted within the prescribed time limit.	The breaches were not wilful and were due to an inadvertent oversight of the administrative staff responsible for employee records who were not familiar with the legal requirements under the IRO.	Upon inquiry with the Inland Revenue Department in September 2016 by calling the general enquiry hotline of the Inland Revenue Department, we were informed that the outstanding IR 56F was not required to be submitted since the relevant employer's return of remuneration & pensions (IR 56B) had been submitted.	As advised by our Legal Counsel, under the IRO, the maximum penalty for each offence is HK$10,000. Accordingly, the maximum penalty which may be imposed on our Group in respect of such non-compliance would not be more than HK$4.06 million in aggregate. During the Track Record Period and up to the latest Practicable Date, there had not been any prosecution initiated against our Group or our officers, nor had any of them been subject to any fine or penalty relating to the aforementioned non-compliance incidents in relation to the IRO. As advised by our Legal Counsel, the likelihood of our Group or our officers being prosecuted, fined or penalised as a result of the aforementioned non-compliance incidents is low.	Starting from May 2016, Mr. Chan Yip Keung, our chief financial officer and company secretary (who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and whose qualifications and experience are set out in "Directors and Senior Management" in this prospectus) is responsible for supervising the staff responsible for the preparation of filings with the Inland Revenue Department. Mr. Chan is also responsible for reminding the relevant staff to prepare and file the required forms upon employing new staff or receiving resignation notice from any staff.

Indemnity from the Controlling Shareholders

Our Controlling Shareholders have executed the Deed of Indemnity in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) to provide indemnities in respect of monetary fines, settlement payments and any associated costs and expenses which would be incurred or suffered by our Group in connection with the aforesaid non-compliance occurred on or before the Listing Date.

Legal proceedings

From time to time we have been, and may in the future be occasionally, involved in routine legal proceedings or disputes in the ordinary course of business common to the industry in which we operate. In carrying out our ordinary course of business, our Group is subject to the risk of being named as a party in legal actions, claims and disputes in respect of (i) claims for employees' compensation by our Group's employees; and (ii) claims for personal injury caused by the negligence of our Group.

During the Track Record Period and as at the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim that could, individually or in aggregate, have a material adverse effect on our business, financial condition or results of operations and, so far as our Directors are aware, no such litigation, arbitration or claim is pending or threatened against any member of our Group, which may have a material adverse effect on our business, financial condition or results of operations.

INTERNAL CONTROL

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining internal control systems. Such systems cover corporate governance, operations, management, legal matters, finance and auditing, as appropriate for the needs of our Group. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. However, while our system of rules, policies and procedures are in place, we cannot guarantee that they are duly implemented as devised, and our employees will not, in their personal capacity, act in such a way that contravenes our internal control procedures. We engaged Baker Tilly Hong Kong Risk Assurance Limited, an independent internal control reviewer ("**Internal Control Reviewer**"), in February 2016 to assist our Group in reviewing our internal control system and provide recommendations for improving our internal control system.

Having considered the review of our internal control system by the Internal Control Reviewer, set out below are the major deficiencies, Internal Control Reviewer's recommendations and our rectification actions implemented as at the Latest Practicable Date.

Deficiency	Internal Control Reviewer's recommendation	Rectification action
Cases where documents in respect of admission and discharge of residents not properly kept	It is recommended that the documents for admission and discharge of residents as well as the breakdown of monthly income should be properly kept and filed at all our care and attention homes.	Our Group had implemented the recommendation as at the Latest Practicable Date.
Failure to fulfil obligation of employers to furnish employee information to the Inland Revenue Department	It is recommended that our Group should prepare and submit both 56E and 56F forms to the Inland Revenue Department to ensure compliance with requirements of section 52(4) and 52(5) of the Inland Revenue Ordinance.	Our Group had implemented the recommendation as at the Latest Practicable Date.
Cases where documents in respect of insurance not properly kept	It is recommended that our Group should properly keep and file the documents in respect of insurance.	Our Group had implemented the recommendation as at the Latest Practicable Date and adopted a policy and procedure over insurance documentation management in April 2016.
Inconsistent medicine checking procedures among different residential elderly care centres	It is recommended that procedures of medicine checking should be carried out consistently by all nine of our care and attention homes. The opened medicine should be checked by the nursing station on a weekly basis with signature as written evidence of checking, and the home manager or vice home manager should perform random check and sign off as evidence of review.	Our Group has adopted procedures for medicine checking since May 2016.

The Internal Control Reviewer has conducted a follow-up review and confirmed that our Group has implemented all the above recommendations to help prevent re-occurrence of deficiencies. As our business continues to expand, we will refine and enhance our internal control systems to respond to the evolving requirements of our expanded operations as appropriate. We will continue to review our internal control systems to ensure compliance with Hong Kong regulatory requirements.

To prevent recurrence of non-compliance incidents as set out in the paragraph headed "Legal compliance and litigation — Compliance with Laws and Regulations" in this section, we have adopted the following measures:

(i) our Directors and senior management attended training sessions on applicable laws and regulations, including the Listing Rules, provided by our legal adviser prior to Listing. We will continue to arrange various trainings to be provided by the legal adviser engaged by us from time to time and/or any appropriate accredited institution to update the knowledge of our Directors, senior management and relevant employees on the relevant laws and regulations;

(ii) we have appointed Mr. Chan Yip Keung as our company secretary. See "Directors and Senior Management" in this prospectus for further details of the biographical information of Mr. Chan Yip Keung. Our Directors believe that our Company will be able to draw on his expertise and experience with respect to compliance with applicable legal and financial reporting requirements;

(iii) we have established an internal compliance team in August 2016 which is responsible for, among others, overseeing our Group's compliance with the relevant laws and regulations applicable to our Group and the Listing Rules, formulating internal control policies or rectification recommendations for our Group to implement, and monitoring the implementation of, the aforesaid internal control policies and rectification of recommendations by our Group. The internal compliance team is led by Mr. Billy Yim, our Company's chief executive officer and executive Director and other members of our internal compliance team include an executive Director, an independent non-executive Director and a member of our senior management namely Mr. Chan Yip Keung, Dr. Liu Yuk Shing and Ms. Yam Hau Kam respectively. See "Directors and Senior Management" in this prospectus for further details of the biographical information of members of our internal compliance team. We have also maintained a set of the relevant laws and regulations applicable to the operations of our Group which is distributed to all departments;

(iv) we have engaged the Internal Control Reviewer in February 2016 to assist our Group in reviewing our internal control system and provide recommendations for improving our internal control system;

(v) we have appointed Guotai Junan as our compliance adviser with effect from the date of Listing to advise on ongoing compliance with the Listing Rules issues and other applicable securities laws and regulations in Hong Kong;

(vi) we will provide our senior management and employees with policies, training and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time; and

(vii) we have also established an audit committee comprising three independent non-executive Directors as part of our measures to improve corporate governance. The primary duties of the audit committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

Our Directors confirmed that (i) as at the Latest Practicable Date, our Group had fully implemented all the above mentioned enhanced internal control measures to ensure compliance with requirements under the RCHE Licenses and the EBPS Agreements; and (ii) since the implementation of the above mentioned enhanced internal control measures and up to the Latest Practicable Date, our Group had not been involved in any breach of the requirements under the RCHE Licenses and the EBPS Agreements.

VIEWS OF OUR DIRECTORS AND THE SOLE SPONSOR

Based on the above, our Directors are of the view that the non-compliance incidents disclosed above were due to inadvertent oversight and did not involve any element of fraud or dishonesty and we have taken all reasonable steps to establish a proper internal control system to prevent future non-compliance with the relevant laws and regulations and that such non-compliance incidents have not resulted, and are not expected to result, in any material impact on our financial conditions and results of operations. Further, in light of the following:

(i) with the occurrence of these incidents, our Directors are minded and alert to any issues that might result in any non-compliance;

(ii) since the implementation of the enhanced internal control measures and up to the Latest Practicable Date, our Directors confirmed that our Group had not been involved in any breach of applicable rules and regulations other than the non-compliance incidents as disclosed above; and

(iii) our Directors are aware of the requirements and obligations as directors of a listed issuer pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations,

our Directors are of the view, and the Sole Sponsor concurs, that our Company has taken reasonable steps to establish internal control system and procedures to enhance the control environment at both working and monitoring levels, and the Enhanced Internal Control Measures adopted by our Group are adequate and effective.

In addition, in light of the fact that during the Track Record Period and up to the Latest Practicable Date, our Group (i) had not experienced any prosecution, cancellation or temporary suspension of the relevant RCHE licence, refusal to renew the licence, nor change in any conditions attached to the RCHE licences; (ii) had not experienced any reductions in the total number of residential care places purchased by the SWD pursuant to the EBPS in respect of our care and attention homes nor refusal to renew the EBPS Agreements; and (iii) had, save as in respect of the warning letter received by Pine Care (Po Tak) Elderly Centre which our Group had submitted an application to revoke, rectified the subject matters in all warning letters and verbal warning. Our Directors are of the view that the warning letters and verbal warning issued by the SWD during the Track Record Period will not have a material impact on the renewal of the relevant RCHE licences and the EBPS Agreements.

You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in "Appendix I — Accountants' Report" to this prospectus. The consolidated financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the section headed "Risk Factors" of this prospectus.

OVERVIEW

We are a leading operator of residential care homes for the elderly in Hong Kong offering a comprehensive range of residential care services for the elderly including: (i) the provision of residence, professional nursing and caretaking services, nutritional management, medical services, physiotherapy services, psychological and social care and individual care plans; and (ii) sale of elderly home related goods and provision of health care services.

Our Group has been operating care and attention homes in Hong Kong since 1989. In 2015, we were the second largest private RCHE operator in Hong Kong with a market share of approximately 3.0% in terms of revenue, and the largest private RCHE operator participating in the EBPS in Hong Kong in 2015 with a market share of approximately 9.3% in terms of number of EBPS places, according to the Ipsos Report. As at the Latest Practicable Date, we had a network of nine care and attention homes with 1,218 residential care places operating across five districts in Hong Kong under the brand name of "Pine Care Group", most of which are located near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. See "Business — Our Care and Attention Homes" in this prospectus for further details. Through our network of care and attention homes in Hong Kong, we generate our revenue in a growing market with strong demand for residential care services. According to the Ipsos Report, there is a surging demand for care services in residential care homes for the elderly in Hong Kong due to an aging population, an increase in incidence of chronic diseases and physiological deterioration among elders and a high institutionalisation rate in Hong Kong.

All of our care and attention homes have participated in the Enhanced Bought Place Scheme pursuant to which the SWD purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, under the Enhanced Bought Place Scheme, six of our care and attention homes were classified as EA1, while three of our care and attention homes were classified as EA2.

Our total revenue for the three years ended 31 March 2016 and the four months ended 31 July 2016 were approximately HK$147.9 million, HK$163.8 million, HK$172.7 million and HK$59.3 million, respectively. Our operating profit from continuing operations, being profit for the year from continuing operations before other income and gains, other expenses, listing expenses, finance costs and income tax expenses, were approximately HK$23.6 million, HK$28.5 million, HK$36.8 million and HK$14.1 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. Our profit for the year from continuing operations for the three years ended 31 March 2016 and the four months ended 31 July 2016 were approximately HK$14.3 million, HK$42.8 million, HK$25.8 million and HK$13.6 million, respectively.

BASIS OF PRESENTATION AND PREPARATION

Our Company was incorporated in the Cayman Islands on 18 August 2015 as an exempted company with limited liability under the Cayman Companies Law. In preparation for the Listing, our Group underwent the Reorganisation. For further details of the Reorganisation, please refer to the section headed "History, Development and Reorganisation" of this prospectus. As a result of the Reorganisation, our Company became the holding company of the companies now comprising our Group.

Our Company became the holding company of the subsidiaries now comprising our Group on 24 May 2016. As the Reorganisation involved in inserting new holding entities at the top of an existing company and has not resulted in any change of economic substance, the Financial Information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows of our Group are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as at 31 March 2014, 2015 and 2016 and 31 July 2016 present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates.

All intra-group assets, liabilities, equity, income, expenses and cashflows relating to transactions between members of our Group are eliminated in full on consolidation. For more information on the basis of presentation and preparation of our consolidated financial information included herein, please refer to notes 2.1 and 2.2 to the Accountants' Report in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial performance have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed "Risk Factors" of this prospectus and those set forth below.

A significant portion of our revenue was contributed by the SWD

We generated our revenue substantially from participating in the EBPS pursuant to which the SWD purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date, representing 61.3% of our total number of residential care places as at the Latest Practicable Date. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our revenue generated from the payment of the base rate by the SWD under the EBPS accounted for approximately 47.4%, 50.5%, 50.1% and 49.9% of our total revenue, respectively. Our revenue is affected by the number of residential care places purchased by the SWD, which in turn are affected by our ability to meet the entry requirements of the Enhanced Bought Place Scheme, including but not limited to the requirements on space standard and staffing as well as service quality.

Demand for our services

The demand for our services is mainly driven by, including but not limited to, (i) the increasing population, old-age dependency ratio and institutionalisation rate; (ii) our quality of services; and (iii) proximity of our centres to transportation hubs. According to the Ipsos Report, the trend of an aging population and the increase of the old-age dependency ratio is expected to persist up to 2020. The old-age dependency ratio has increased from approximately 17.7% in 2011 to approximately 21.0% in 2015, and is forecasted to reach approximately 26.5% by 2020. The increasing old-age dependency ratio together with the high institutionalisation rate resulted in a surging demand for RCHE places in Hong Kong. Also, as all of our nine care and attention homes are classified as either EA1 or EA2 under the EBPS, the quality of our services is maintained by enhanced staff ratio and per capita space standards compared to our peers. Together with the prime locations of our care and attention homes, the demand for our services was high as reflected by our average monthly occupancy rates of approximately 92.7%, 93.5%, 94.3% and 95.0% for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

We believe that the demand for our services and, hence, our revenue will continue to be affected by the above factors in the future. Thus, any changes to these factors may affect our revenue and results of operations.

Occupancy rate and monthly residential fee

Our Group's revenue was primarily affected by the average monthly occupancy rate and the monthly residential fee. During the Track Record Period, our revenue increased due to both the increase in the average monthly occupancy rate and the monthly residential fee for our services. The table below sets forth the breakdown of our revenue from rendering of elderly home care services.

	For the year ended 31 March									For the four months ended 31 July					
	2014			2015			2016			2015 (unaudited)			2016		
	Under EBPS	Individual customers	Total	Under EBPS	Individual customers	Total	Under EBPS	Individual customers	Total	Under EBPS	Individual customers	Total	Under EBPS	Individual customers	Total
Total revenue *(HK$'000)*	**84,464**	**40,542**	**125,006**	**97,460**	**42,030**	**139,490**	**101,237**	**45,682**	**146,919**	**33,746**	**14,569**	**48,315**	**34,561**	**16,418**	**50,979**
Total number of residential places	747	471	1,218	747	471	1,218	747	471	1,218	747	471	1,218	747	471	1,218
Average monthly number of residents	710	408	1,118	730	408	1,138	733	415	1,148	731	399	1,129	734	423	1,157
Average monthly occupancy rate *(%)* *(Note 1)*	96.7	86.6	92.7	97.7	86.6	93.5	98.1	88.1	94.3	97.8	84.7	92.7	98.3	89.8	95.0
Average monthly residential fee *(HK$)* *(Note 2)*	9,423	8,281	9,318	10,872	8,585	10,215	11,294	9,173	10,665	11,294	9,128	10,699	11,566	9,703	11,015

Notes:

(1) The monthly occupancy rate is calculated by dividing the number of beds occupied as at the month end by the number of beds available at our care and attention homes as at the relevant month end. The average monthly occupancy for the year/period is calculated by dividing the sum of the monthly occupancy rates by the total number of months in that year/period. During the year ended 31 March 2014, the total number of residential care places purchased from our Group by the SWD under EBPS increased from 718 places to 747 places gradually.

(2) The monthly residential fee in respect of residential care places purchased by the SWD under the EBPS is calculated as follows: the sum of (i) the total monthly revenue generated from the payment of the base rate by the SWD under the EBPS on a committed basis during the relevant month; and (ii) the total monthly revenue generated from the payment of the monthly residential fee by the residents under the EBPS during the relevant month, and such sum to be divided by the actual number of residential care places purchased by the SWD under the EBPS during the relevant month. The average monthly residential fee in respect of residential care places purchased by the SWD under the EBPS for the year/period is calculated by dividing the sum of monthly residential fee in respect of residential care places purchased by the SWD under the EBPS by the total number of months in that year/period.

The monthly residential fee in respect of residential care places purchased by individual customers is equal to the total revenue generated from residential care places purchased by individual customers during the relevant month divided by the number of residential care places purchased by individual customers during the relevant month. The average monthly residential fee in respect of residential care places purchases by individual customers for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by individual customers by the total number of months in that year/period.

The monthly residential fee is equal to the total revenue during the relevant month divided by the number of residential care places purchased by our residents during the relevant month. The average monthly residential fee in respect of residential care places for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by our residents by the total number of months in that year/period.

Our average monthly occupancy rate was approximately 92.7%, 93.5%, 94.3% and 95.0% for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively; while the average monthly residential fee increased by approximately 9.6% from approximately HK$9,318 per place for the year ended 31 March 2014 to approximately HK$10,215 for the year ended 31 March 2015, further increased by approximately 4.4% to HK$10,665 for the year ended 31 March 2016 and further increased by approximately 3.3% to HK$11,015 for the four months ended 31 July 2016 due to a general upward price adjustment of our services by the SWD and the upward price adjustment to our individual customers with reference to the inflation rate of Hong Kong. Our Directors are of the view that such increase reflects the recognition of the quality of our services and the rising demand in the RCHE industry in Hong Kong.

We believe that our revenue will continue to be mainly affected by the average monthly occupancy rate and average monthly residential fee in the future. Thus, any changes to the two factors may affect our revenue and results of operations.

Our pricing policy in response to the changing market conditions

During the Track Record Period, our Group's customers primarily consisted of three groups, namely (i) the SWD with which we entered into contractual arrangements pursuant to which the SWD purchased residential care places from our Group under the EBPS; (ii) individual customers who settled their own residential fee entirely by themselves; and those who were subsidised by the SWD under the EBPS but settled the unsubsidised portion by themselves; and (iii) a public hospital which purchased residential care places from our Group. Our contracts with the SWD are on an agreed fixed rate with a cost fluctuation clause which provides for adjustments based on the annual inflation rate of Hong Kong. Residents enrolled under the EBPS were also required to pay a monthly residential fee, which amounts to HK$1,707 for EA1 homes and HK$1,603 for EA2 homes during the Track Record Period.

In deciding the average monthly residential fee for each of our care and attention homes, we take into account the cost of operations, cost of leasing of the premises, staff costs, market price range charged by our competitors and inflation. The average monthly residential fee for each of our care and attention homes also depends on the ability of our Group to continue to reach the target customers and to pass on the cost increase to our customers. Further details of our pricing policy are set out in the paragraph headed "Business — Pricing of our services and payment terms" of this prospectus. If we fail to attract the target customers or to adjust our pricing strategy in response to the changing market environment, the operating results and financial performance of our Group could be affected.

Economic conditions of Hong Kong

All of our care and attention homes are located in Hong Kong, the results of our operations are vulnerable to the economy of Hong Kong. Therefore, if Hong Kong experiences any adverse economic conditions due to circumstances beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, our overall business and results of operations may be materially and adversely affected.

Regulations and policies of the RCHE industry in Hong Kong

Our operation is mainly governed by the RCH(EP)O and its subsidiary legislation, the RCH(EP)R. Our operation is also subject to certain legislations, general rules and regulations in relation to building safety, fire safety, labour, physiotherapists, registered nurses and disposal of chemical and clinical wastes. Any changes to the regulations or compliance standards may impose possible restrictions on our operation and, thus, our financial performance in case of any failure to promptly and effectively adapt to such changes. Also, we may incur extra compliance costs as regulations evolve in the future. This may increase our operating costs and, hence lower our profit.

Also, our operation is subject to policies of the RCHE industry in Hong Kong. As stated in the Policy Address 2016, we may be benefited from the policies such as more subsidised places for residential care services to meet the long-term care needs of frail elderly persons being provided by the Hong Kong Government and existing EA2 centres of the EBPS being converted to EA1 centres which are of higher quality. On the other hand, according to the Ipsos Report, our operations may be adversely affected by other schemes introduced by the Hong Kong Government, such as the Pilot Residential Care Service Scheme in Guangdong (Guangdong Scheme), which provide elderly options to consider choosing to live in RCHEs in China. As such, the quality of our care and attention homes and occupancy rates may be affected by certain policies imposed by the Hong Kong Government, which hence, may affect our results of operations.

See section "Industry Overview" in this prospectus for details of the policies and schemes introduced by the Hong Kong Government.

Staff costs

RCHE operations are labour intensive and staff costs were the largest component of our operating expenses incurred during the Track Record Period and had a significant impact on our profitability. Our success, to a considerable extent, depends upon our ability to attract, motivate, train and retain our qualified employees including home managers, registered nurses, enrolled nurses, physiotherapists, health workers and care workers. As employee attrition levels tend to be higher in the RCHE industry, we offer competitive remuneration packages, career development and promotion opportunities to our staff. Our staff costs amounted to approximately HK$67.0 million, HK$72.5 million, HK$76.2 million and HK$24.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 45.3%, 44.3%, 44.1% and 41.0% of our revenue for the respective year/period. Our staff costs as a percentage of our revenue remained stable during the Track Record Period.

In view of the local labour laws on minimum wage, the statutory minimum wage in Hong Kong increased from HK$30.0 per hour in May 2013 to HK$32.5 per hour in May 2015. The salary level in the RCHE industry in Hong Kong is expected to maintain an upward trend. We believe the resulting upward pressure on our staff costs as a percentage of total revenue could be mitigated by (i) increasing the productivity of our staff and enhancing our efficiency through providing various on-the-job training programs; (ii) minimising staff turnover by implementing various employee retention initiatives to promote employee loyalty and motivate the employees; and (iii) optimising staff mix by internal promotions, transfers and re-allocations of employees from our existing care and attention homes.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on (i) our profit before tax from continuing operations and (ii) our profit for the year from continuing operations during the Track Record Period. Hypothetical fluctuations are assumed to be within the range of 5%, 10% and 15% for the three years ended 31 March 2016 and the four months ended 31 July 2016, which correspond to the range of historical fluctuations of our staff costs incurred during the Track Record Period.

Hypothetical fluctuation	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**
Impact on certain consolidated statements of profit or loss items for the year ended 31 March 2014						
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Change in staff costs	3,350	(3,350)	6,700	(6,700)	10,049	(10,049)
Change in profit before tax from continuing operations	(3,350)	3,350	(6,700)	6,700	(10,049)	10,049
Change in profit for the year from continuing operations	(2,797)	2,797	(5,594)	5,594	(8,391)	8,391

Hypothetical fluctuation	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**

Impact on certain consolidated statements of profit or loss items for the year ended 31 March 2015

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in staff costs	3,624	(3,624)	7,249	(7,249)	10,873	(10,873)
Change in profit before tax from continuing operations	(3,624)	3,624	(7,249)	7,249	(10,873)	10,873
Change in profit for the year from continuing operations	(3,026)	3,026	(6,053)	6,053	(9,079)	9,079
Hypothetical fluctuation	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**

Impact on certain consolidated statements of profit or loss items for the year ended 31 March 2016

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in staff costs	3,810	(3,810)	7,619	(7,619)	11,429	(11,429)
Change in profit before tax from continuing operations	(3,810)	3,810	(7,619)	7,619	(11,429)	11,429
Change in profit for the year from continuing operations	(3,181)	3,181	(6,362)	6,362	(9,543)	9,543
Hypothetical fluctuation	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**

Impact on certain consolidated statements of profit or loss items for the four months ended 31 July 2016

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in staff costs	1,215	(1,215)	2,430	(2,430)	3,645	(3,645)
Change in profit before tax from continuing operations	(1,215)	1,215	(2,430)	2,430	(3,645)	3,645
Change in profit for the period from continuing operations	(1,015)	1,015	(2,029)	2,029	(3,043)	3,043

Property rental and related expenses

As at the Latest Practicable Date, four of our care and attention homes and a portion of the third floor of Pine Care (Tak Fung) Elderly Centre were leased by us from Independent Third Parties. The costs of leasing and maintaining our care and attention homes and staff dormitories are reflected in our property rental and related expenses. The changes in rental expenses will have a direct impact on our profitability. Our property rental and related expenses amounted to approximately HK$13.9 million, HK$15.8 million, HK$16.6 million and HK$5.7 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 9.4%, 9.7%, 9.6% and 9.7% of our revenue for the respective year/period. Our property rental and related expenses vary depending on the size and location of our care and attention homes.

During the Track Record Period, the rent under two of the leases of our care and attention homes was equal to either a specified fixed amount or a contingent amount calculated based on a fixed percentage of 10% of the monthly turnover if the monthly turnover exceeds a certain amount, depending on the specific terms of the relevant lease agreements. As at the Latest Practicable Date, we had entered into the Pine Care Place Tenancy Agreement pursuant to which we are required to pay the rent determined as a sum of specific fixed amount and a contingent amount calculated based on a fixed percentage of 25% of the monthly turnover if the monthly turnover exceeds a certain amount. Prior to our Group entering into a lease, we will consider whether it is a fixed or contingent term, as a percentage of our expected revenue to be derived by the care and attention homes in question, and whether the rental is within the range acceptable to us, taking into account the expected occupancy rate and monthly residential fee. As we intend to open a new care and attention home under the Pine Care Place Development Plan through leasing, we expect our property rental and related expenses for our operations to increase generally in the future.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in property rental and related expenses on (i) our profit before tax from continuing operations and (ii) our profit for the year from continuing operations during the Track Record Period. Hypothetical fluctuations are assumed to be within the range of 5%, 10% and 15% for the three years ended 31 March 2016 and the four months ended 31 July 2016, which correspond to the range of historical fluctuations of our property rental and related expenses incurred during the Track Record Period.

Hypothetical fluctuation	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**
Impact on certain consolidated statements of profit or loss items for the year ended 31 March 2014						
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Change in property rental and related expenses	697	(697)	1,394	(1,394)	2,091	(2,091)
Change in profit before tax from continuing operations	(697)	697	(1,394)	1,394	(2,091)	2,091
Change in profit for the year from continuing operations	(582)	582	(1,164)	1,164	(1,746)	1,746

Hypothetical fluctuation	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**

Impact on certain consolidated statements of profit or loss items for the year ended 31 March 2015

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in property rental and related expenses . . .	791	(791)	1,581	(1,581)	2,372	(2,372)
Change in profit before tax from continuing operations	(791)	791	(1,581)	1,581	(2,372)	2,372
Change in profit for the year from continuing operations	(660)	660	(1,320)	1,320	(1,980)	1,980
Hypothetical fluctuation . .	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**

Impact on certain consolidated statements of profit or loss items for the year ended 31 March 2016

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in property rental and related expenses . . .	829	(829)	1,657	(1,657)	2,486	(2,486)
Change in profit before tax from continuing operations	(829)	829	(1,657)	1,657	(2,486)	2,486
Change in profit for the year from continuing operations	(692)	692	(1,384)	1,384	(2,076)	2,076
Hypothetical fluctuation . .	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**

Impact on certain consolidated statements of profit or loss items for the four months ended 31 July 2016

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in property rental and related expenses . . .	286	(286)	572	(572)	858	(858)
Change in profit before tax from continuing operations	(286)	286	(572)	572	(858)	858
Change in profit for the period from continuing operations	(239)	239	(478)	478	(717)	717

Means and cost of financing

Our operation of care and attention homes is capital intensive. During the Track Record Period, we funded our operations mainly from our own internal funds from operating activities, external financings from bank borrowings and advances from related companies, our Directors and Shareholders. The accessibility of bank borrowings depends on our creditworthiness and the amount of pledged assets. During the Track Record Period, our interest-bearing bank and other borrowings carried at variable rates amounted to approximately HK$292.7 million, HK$268.1 million, HK$198.6 million and HK$194.8 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. Our total finance costs amounted to approximately HK$5.9 million, HK$5.7 million, HK$4.8 million and HK$1.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, representing approximately 4.0%, 3.5%, 2.8% and 2.2% of our revenue, respectively. Any changes in interest rates may affect our cost of financing and, thus, our results of operation.

Ability to maintain established reputation in the RCHE industry in Hong Kong

We consider that our Group's success depends to a significant extent on the recognition of our brand and reputation in the RCHE industry as a reliable service provider. Maintaining our established reputation may help to increase our customer base and occupancy rate which have a direct impact on our revenue. Our reputation is mainly built on the satisfaction of our residents which is highly affected by our quality of services. With our experienced staff and our care and attention homes located in transportation hubs, we strive to provide quality services with proximity to access which may in turn enhance our results of operations. Any incident which has an adverse effect on our reputation may adversely affect the demand of our services and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are significant to the preparation of our Group's consolidated financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. For our accounting estimates on impairment of goodwill and deferred tax assets, we had not noted any material difference of our estimates from the actual results during the Track Record Period. Also, we had not experienced any significant change in estimates and its underlying assumptions in the past. The method and assumptions on such estimates will unlikely be changed in the future. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in details in notes 3 and 4 to the Accountants' Report in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The following table summarises the consolidated statements of profit or loss during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Continuing operations										
Revenue	147,937	100.0	163,785	100.0	172,749	100.0	56,887	100.0	59,275	100.0
Other income and gains	4,324	2.9	25,804	15.8	5,353	3.1	6,516	11.5	9,062	15.3
Depreciation	(11,151)	(7.5)	(8,612)	(5.3)	(8,721)	(5.0)	(2,925)	(5.1)	(2,666)	(4.5)
Staff costs	(66,995)	(45.3)	(72,486)	(44.3)	(76,190)	(44.1)	(25,232)	(44.4)	(24,299)	(41.0)
Property rental and related expenses	(13,939)	(9.4)	(15,810)	(9.7)	(16,573)	(9.6)	(5,388)	(9.5)	(5,722)	(9.7)
Food and beverage costs	(7,823)	(5.3)	(8,271)	(5.0)	(8,518)	(4.9)	(2,695)	(4.7)	(2,701)	(4.6)
Utility expenses	(6,244)	(4.2)	(6,932)	(4.2)	(7,051)	(4.1)	(2,777)	(4.9)	(2,890)	(4.9)
Supplies and consumables	(5,359)	(3.6)	(5,475)	(3.3)	(5,630)	(3.3)	(2,034)	(3.6)	(1,837)	(3.1)
Repair and maintenance	(1,962)	(1.3)	(1,586)	(1.0)	(1,344)	(0.8)	(521)	(0.9)	(718)	(1.2)
Other operating expenses	(10,886)	(7.4)	(16,067)	(9.8)	(11,909)	(6.9)	(4,383)	(7.7)	(4,307)	(7.3)
Other expenses	(4,334)	(2.9)	—	0.0	(4,593)	(2.7)	(1,537)	(2.7)	(964)	(1.6)
Listing expenses	—	0.0	—	0.0	(1,648)	(1.0)	—	0.0	(4,881)	(8.2)
Finance costs	(5,892)	(4.0)	(5,705)	(3.5)	(4,820)	(2.8)	(1,687)	(3.0)	(1,325)	(2.2)
Profit before tax from continuing operations	17,676	12.0	48,645	29.7	31,105	17.9	14,224	25.0	16,027	27.0
Income tax expense	(3,392)	(2.3)	(5,893)	(3.6)	(5,285)	(3.0)	(2,192)	(3.8)	(2,426)	(4.1)
Profit for the year/period from continuing operations	14,284	9.7	42,752	26.1	25,820	14.9	12,032	21.2	13,601	22.9
Discontinued operations										
Profit for the year/period from discontinued operations	850	0.6	1,791	1.1	1,435	0.8	902	1.5	1,047	1.8
Profit for the year/period	15,134	10.3	44,543	27.2	27,255	15.7	12,934	22.7	14,648	24.7

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Continuing operations

Revenue

We generated our revenue from (i) rendering of elderly home care services; and (ii) sales of elderly home related goods and provision of health care services in Hong Kong during the Track Record Period. Our revenue generated from rendering of elderly home care services during the Track Record Period was derived from the provision of, among others, residence, professional nursing and care taking services, nutritional management, medical services, psychological and social care and individual care plans in Hong Kong. Our revenue generated from sales of elderly home related goods and provision of health care services during the Track Record Period was derived from sales of, including but not limited to diapers, nutritional milk, medical gloves, feeding bags and pH indicator, to our residents on an as-needed basis and provision of physiotherapy services at our physiotherapy clinic to walk-in customers. During the Track Record Period, all of our revenue was generated in Hong Kong.

The following table sets forth the breakdown of our revenue from rendering of elderly home care services, and sales of elderly home related goods and provision of health care services for the periods indicated.

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
Rendering of elderly home care services										
— residential care places purchased by the SWD under the EBPS *(Note)*	84,464	57.1	97,460	59.5	101,237	58.6	33,746	59.3	34,561	58.3
— residential care places purchased by individual customers	40,542	27.4	41,560	25.4	44,965	26.0	14,370	25.3	16,123	27.2
— residential care places purchased by the public hospital	—	—	470	0.3	717	0.4	199	0.3	295	0.5
	125,006	84.5	139,490	85.2	146,919	85.0	48,315	84.9	50,979	86.0
Sale of elderly home related goods and provision of health care services	22,931	15.5	24,295	14.8	25,830	15.0	8,572	15.1	8,296	14.0
Total	147,937	100.0	163,785	100.0	172,749	100.0	56,887	100.0	59,275	100.0

Note: Such revenue was generated from the payment of base rate by the SWD under the EBPS and the monthly residential fee by the residents who participated in the EBPS.

Rendering of elderly home care services

During the Track Record Period, our Group's customers primarily consisted of three groups, namely, (i) the SWD with which we entered into contractual arrangements pursuant to which the SWD purchased residential care places from our Group under the EBPS; (ii) individual customers who settled their own residential fee entirely by themselves; and those who were subsidised by the SWD under the EBPS but settled the unsubsidised portion by themselves; and (iii) a public hospital which purchased residential care places from our Group. As at the Latest Practicable Date, under the EBPS, six of our care and attention homes were classified as EA1, while three of our care and attention homes were classified as EA2. Under the EBPS, the SWD purchased up to 747 of our 1,218 residential care places during the Track Record Period and up to the Latest Practicable Date. Participants of the EBPS are partially subsidised by the SWD. For the three years ended 31 March 2016 and the four months ended 31 July 2016, the monthly base rate for our residents enrolled under the EBPS payable by the SWD was (i) HK$8,770, HK$9,978, HK$10,427 and HK$10,709 respectively, in relation to EA1 care and attention homes located in Hong Kong and Kowloon; (ii) HK$8,047, HK$9,454, HK$9,879 and HK$10,146 respectively, in relation to EA1 care and attention homes located in New Territories; and (iii) HK$6,577, HK$7,692, HK$8,038 and HK$8,255 respectively, in relation to EA2 care and attention homes located in Hong Kong or Kowloon. Our residents enrolled under the EBPS were required to pay a monthly residential fee, which amounted to HK$1,707 for EA1 care and attention homes and HK$1,603 for EA2 care and attention homes, during the Track Record Period. The revenue generated from the payment of base rate by the SWD under the EBPS and the monthly residential fee by the residents who participated in the EBPS, accounted for approximately 57.1%, 59.5%, 58.6% and 58.3% of our total revenue for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. The revenue generated from residential care places purchased by individual customers accounted for approximately 27.4%, 25.4%, 26.0% and 27.2% of our total revenue for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. The revenue generated from residential care places purchased by the public hospital accounted for approximately nil, 0.3%, 0.4% and 0.5% of our total revenue for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. The following tables set forth the breakdown of our revenue from rendering of elderly home care services by classification of elderly homes under the EBPS.

	For the year ended 31 March									For the four months ended 31 July					
	2014			2015			2016			2015 (unaudited)			2016		
	EA1	EA2	Total	EA1	EA2	Total	EA1	EA2	Total	EA1	EA2	Total	EA1	EA2	Total
Revenue *(HK$'000)*	98,571	26,435	125,006	109,793	29,697	139,490	114,989	31,930	146,919	37,996	10,319	48,315	40,046	10,933	50,979
Total residential places	905	313	1,218	905	313	1,218	905	313	1,218	905	313	1,218	905	313	1,218
Average monthly number of residents	845	273	1,118	857	281	1,138	853	295	1,148	839	290	1,129	860	298	1,158
Average monthly occupancy rate *(%)* *(Note 1)*	94.6	87.1	92.7	94.7	89.7	93.5	94.3	94.2	94.3	92.7	92.7	92.7	95.0	95.0	95.0
Average monthly residential fee *(HK$)* *(Note 2)*	9,721	8,069	9,318	10,676	8,807	10,215	11,234	9,020	10,665	11,322	8,896	10,699	11,641	9,172	11,006

Notes:

(1) The monthly occupancy rate is calculated by dividing the number of beds occupied as at the month end by the number of beds available at our care and attention homes at the relevant month end. The average monthly occupancy rate for the year/period is calculated by dividing the sum of the monthly occupancy rates by the total number of months in that year/period.

(2) The monthly residential fee in respect of EA1 residential care places purchased by our residents is equal to the total revenue generated from EA1 residential care places purchased by our residents during the relevant month divided by the number of EA1 residential care places purchased by our residents during the relevant month. The average monthly residential fee in respect of EA1 residential care places purchases by our residents for the year/period is calculated by dividing the sum of the monthly residential fee in respect of EA1 residential care places purchased by our residents by the total number of months in that year/period.

The monthly residential fee in respect of EA2 residential care places purchased by our residents is equal to the total revenue generated from EA2 residential care places purchased by our residents during the relevant month divided by the number of EA2 residential care places purchased by our residents during the relevant month. The average monthly residential fee in respect of EA2 residential care places purchases by our residents for the year/period is calculated by dividing the sum of the monthly residential fee in respect of EA2 residential care places purchased by our residents by the total number of months in that year/period.

The monthly residential fee is equal to the total revenue during the relevant month divided by the number of residential care places purchased by our residents during the relevant month. The average monthly residential fee in respect of residential care places for the year/period is calculated by dividing the sum of the monthly residential fee in respect of residential care places purchased by our residents by the total number of months in that year/period.

Sale of elderly home related goods and provision of health care services

During the Track Record Period, revenue from sale of elderly home related goods and provision of health care services represented sale of goods to our residents, including but not limited to diapers, nutritional milk, medical gloves, feeding bags and pH indicator strips, and provision of physiotherapy services to walk-in customers. The following table sets forth the breakdown of our average spending on elderly home related goods per resident for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000*** (unaudited)	***HK$'000***
Sale of elderly home related goods	22,734	24,195	25,752	8,545	8,268
Provision of health care services	197	100	78	27	28
Total	22,931	24,295	25,830	8,572	8,296
Average number of residents	1,118	1,138	1,148	1,129	1,158
Average spending on elderly home related goods per resident per year/period *(HK$)*	20,335	21,261	22,432	7,569	7,140

Our revenue from sale of elderly home related goods and provision of health care services amounted to HK$22.9 million, HK$24.3 million, HK$25.8 million and HK$8.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, which accounted for approximately 15.5%, 14.8%, 15.0% and 14.0% of our total revenue for the respective years/period.

Other income and gains

The following table sets forth the components of our other income and gains for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Other income					
Interest income	269	1	1	1	2
Dividend income	1,703	2,584	519	519	—
Rental income	1,349	1,339	909	269	275
Others	606	90	75	13	17
	3,927	4,014	1,504	802	294
Gains					
Gain on disposal of non-current assets classified as held for sale	—	—	—	—	8,643
Gain on disposal of available-for-sale investments	114	1,627	—	—	—
Gain on disposal of financial assets at fair value through profit or loss, net	—	4,742	3,742	4,754	—
Fair value gain on investment properties, net	260	8,800	—	960	—
Fair value gain on financial assets at fair value through profit or loss, net	—	6,621	107	—	13
Gain on disposal of items of property, plant and equipment	—	—	—	—	112
Others	23	—	—	—	—
	397	21,790	3,849	5,714	8,768
	4,324	25,804	5,353	6,516	9,062

Our other income primarily consists of interest income, dividend income and rental income. Interest income represents income received from bonds and ordinary bank deposits. Dividend income represents income derived from investment in securities. Rental income represents income received from leasing certain of our car parks and residential units to third parties under operating leases.

We hold various types of financial assets, including available-for-sale investments and financial assets at fair value through profit or loss. Gain on disposal of available-for-sale investments mainly represents the realised gain from disposal of our unlisted unit trust funds. Net gain on disposal of financial assets at fair value through profit or loss mainly represents the realised gain from disposal of our listed equity investments. Net fair value gain on investment properties represents net gains from changes of fair value of certain of our car parks and residential units for leasing. Net fair value gain on financial assets at fair value through profit or loss represents gains from changes of fair value of our listed equity investments, insurance asset and structured financial products. Gain on disposal of non-current assets classified as held for sale mainly represents the gain on disposal of a property held by our Group.

Our Company and Directors confirm that we currently do not have any intention to invest in investment properties, unlisted unit trust funds, listed equities and structured financial products after the Listing.

Depreciation

Our depreciation represents depreciation charges for our property, plant and equipment which comprise leasehold improvements, furniture, fixtures and other equipment, motor vehicles, land and buildings. Our depreciation amounted to approximately HK$11.2 million, HK$8.6 million, HK$8.7 million and HK$2.7 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 7.5%, 5.3%, 5.0% and 4.5% of our revenue for such years/period, respectively.

Staff costs

The table below sets forth the components of our staff costs for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000*** (Unaudited)	***HK$'000***
Wages and salaries	71,764	74,980	79,396	26,334	26,120
Pension scheme contributions	3,281	3,475	3,511	1,148	1,245
Provision for long service payments	—	742	428	110	56
Directors' fees and other emoluments	1,526	1,313	2,016	675	327
Government grants	(9,576)	(8,024)	(9,161)	(3,035)	(3,449)
Total	66,995	72,486	76,190	25,232	24,299

Staff costs are the largest component of our operating expenses. Our staff costs comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit costs and other allowances and benefits payable to all our employees. Our staff costs amounted to approximately HK$67.0 million, HK$72.5 million, HK$76.2 million and HK$24.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 45.3%, 44.3%, 44.1% and 41.0% of our revenue for the respective years/period. During the Track Record Period, we received government grants of approximately HK$9.6 million, HK$8.0 million, HK$9.2 million and HK$3.4 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, from the Hong Kong Government for hiring specialised professionals for our residents with dementia or infirmary in our qualified centres pursuant to Dementia Supplement. We received the government grants after the eligible staff costs were incurred for the year ended 31 March 2014 and therefore such government grants were accounted for as receivables as at 31 March 2014. However, we received the government grants from Hong Kong Government for those centres prior to the eligible staff costs were incurred for the two years ended 31 March 2016 and the four months ended 31 July 2016 and therefore such amounts were accounted for as current liabilities as at 31 March 2015, 31 March 2016 and 31 July 2016 before utilisation. Any unutilised amount was refunded to the Hong Kong Government. Thus, all our government grants during the Track Record Period were credited to our staff costs as a reduction when utilised. There were no conditions or contingencies relating to those government grants. The number of our staff, excluding the number of employees of technicians, administration and management was 445, 423, 442 and 436 as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

Property rental and related expenses

Our property rental and related expenses primarily represent the rental payments under operating leases in respect of leased properties in which four of our care and attention homes and a portion of the third floor of Pine Care (Tak Fung) Elderly Centre are operated. The property rental and related expenses were the second largest component of our operating expenses. Property rental and related expenses amounted to approximately HK$13.9 million, HK$15.8 million, HK$16.6 million and HK$5.7 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 9.4%, 9.7%, 9.6% and 9.7% of our revenue for such years/period, respectively. For the three years ended 31 March 2016 and the four months ended 31 July 2016, leases of two of our existing care and attention homes and a portion of the third floor of Pine Care (Tak Fung) Elderly Centre were subject to fixed rent arrangements while leases of two of our care and attention homes were subject to contingent rent arrangements. The monthly rent under the leases for the two care and attention homes which were subject to contingent rent arrangements was calculated based on a fixed percentage of 10% of the monthly turnover if the monthly turnover exceeds a certain amount. We had not experienced any charge on the contingent rent during the Track Record Period.

The leases for our existing care and attention home typically have an initial lease term of two to five years except the Pine Care Place Tenancy Agreement with a lease term of six years. Pursuant to our current lease agreements, there are renewal options to automatically renew such lease term after their expiries at our discretion. In order to maintain our elderly home operations, we generally commence negotiation of tenancy renewal with our lessor six to eight months before the end of lease term. We had not experienced any failure in renewing our lease term for leased properties occupied during the Track Record Period.

None of the existing leases for our care and attention homes will expire on or before 31 March 2017. Our Directors do not foresee any material difficulties in renewing the leases given the long history of operation.

Food and beverage costs

Our food and beverage costs primarily represent costs of all the food ingredients and beverages used for provision for meals by our residents in our operations of our care and attention homes. Our food and beverage costs amounted to approximately HK$7.8 million, HK$8.3 million, HK$8.5 million and HK$2.7 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 5.3%, 5.0%, 4.9% and 4.6% of our revenue for such years/period, respectively.

Utility expenses

Our utility expenses mainly represent total costs of water and electricity for our care and attention homes and office. Our utility expenses amounted to approximately HK$6.2 million, HK$6.9 million, HK$7.1 million and HK$2.9 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 4.2%, 4.2%, 4.1% and 4.9% of our revenue for such years/period, respectively.

Supplies and consumables

Our supplies and consumables represent costs of all the medical consumable materials used for our operations. Our supplies and consumables amounted to approximately HK$5.4 million, HK$5.5 million, HK$5.6 million and HK$1.8 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 3.6%, 3.3%, 3.3% and 3.1% of our revenue for such years/period, respectively.

Other operating expenses

The following table sets forth the breakdown of other operating expenses for the periods indicated.

	For the year ended 31 March			For the four months ended 31 July	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000*** (Unaudited)	***HK$'000***
Medical professional fee	3,718	7,725	5,181	1,903	2,267
Insurance	1,590	1,873	1,611	396	619
Cleaning expenses	582	629	848	277	302
Legal and professional fee	101	928	803	608	11
Audit fee	286	478	524	175	400
Printing and stationary	353	436	433	162	120
Consumable materials	796	404	308	117	67
Advertising	989	607	280	115	46
Activities expenses	363	356	128	26	49
Motor vehicle expenses	127	141	100	39	49
Others*(Note)*	1,981	2,490	1,693	565	377
	10,886	16,067	11,909	4,383	4,307

Note: Others mainly included escort charges, bank charges, computer expenses, telephone and internet expenses.

Our other operating expenses amounted to approximately HK$10.9 million, HK$16.1 million, HK$11.9 million and HK$4.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, which accounted for approximately 7.4%, 9.8%, 6.9% and 7.3% of our revenue for such years/period, respectively.

Other operating expenses primarily consist of medical professional fee incurred by obtaining additional workforce to solve temporary labour shortage, insurance, cleaning expenses mainly for our elderly homes, legal and professional fee, audit fee and others.

During the Track Record Period, we engaged four independent employment agencies and one connected employment agency to source our required manpower, including physiotherapists, care workers, and health workers, in order to optimise our administrative costs in human resources by obtaining additional workforce to solve temporary labour shortage. Amongst the medical professional fee incurred by us, approximately HK$0.2 million, HK$1.8 million, HK$0.4 million and nil was attributable to our connected person for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. See "Business — Our Employees and Contractors — Employment agency" of this prospectus for details of the contracting arrangement.

Other expenses

The following table sets forth the breakdown of other expenses for the periods indicated.

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Fair value loss on investment properties, net	—	—	1,840	—	—
Impairment loss on disposal groups classified as held for sale	—	—	1,430	—	—
Loss on disposal of available-for-sale investments	—	—	1,100	1,100	—
Fair value loss on financial assets at fair value through profit or loss, net	3,130	—	—	212	—
Loss on disposal of investment properties, net	—	—	195	225	—
Loss on disposal of financial assets at fair value through profit or loss	1,204	—	—	—	57
Stamp duty	—	—	—	—	871
Others	—	—	28	—	36
	4,334	—	4,593	1,537	964

Other expenses primarily consist net fair value loss on investment properties and financial assets at fair value through profit or loss, loss on disposal of available-for-sale investments, net loss on disposal on investment properties, impairment loss on disposal groups classified as held for sale and stamp duty.

We hold various types of financial assets, including available-for-sale investments and financial assets at fair value through profit or loss. Loss on disposal of available-for-sale investments mainly represents the realised loss on disposal of our unlisted unit trust funds. Loss on disposal of financial assets at fair value through profit or loss mainly represents realised loss on disposal of our listed equity investments. Net loss on disposal of investment properties represents net loss on disposal of certain of our investment properties. Net fair value loss on investment properties represents net losses from changes of fair value of certain of our car parks and residential units for leasing. Net fair value loss on financial assets at fair value through profit or loss represents net loss from changes of fair value of our listed equity investments, insurance asset and structured financial products. The impairment loss on disposal groups classified as held for sale for the year ended 31 March 2016 represented the amount of the carrying value of the properties held by the disposal groups exceeding the fair value of those properties as at 31 March 2016 due to the market condition. The stamp duty of HK$0.9 million incurred for the four months ended 31 July 2016 represented the stamp duty paid for the share transfer for the Reorganisation.

Our Company and Directors confirm that we currently do not have any intention to invest in investment properties, unlisted unit trust funds, listed equities and structured financial products after the Listing.

Listing expenses

Listing expenses comprise professional and other expenses in relation to our Listing. Listing expenses of approximately HK$1.6 million and HK$4.9 million, were recorded for the year ended 31 March 2016 and the four months ended 31 July 2016, respectively.

Finance costs

Our finance costs represent interest expenses on bank loans, bank overdrafts and finance leases. Finance costs amounted to approximately HK$5.9 million, HK$5.7 million, HK$4.8 million and HK$1.3 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. The following tables sets forth the breakdown of finance costs for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000*** (Unaudited)	***HK$'000***
Interest on bank loans	5,735	5,660	4,729	1,667	1,311
Interest on bank overdrafts	140	26	82	16	1
Interest on finance leases	17	19	9	4	13
	5,892	5,705	4,820	1,687	1,325

As at 31 July 2016, our bank loans, bank overdrafts and finance lease payables amounted to approximately HK$194.7 million, HK$0.1 million and nil, respectively. Finance lease represented leases for certain motor vehicles.

Income tax expense

Our operations in Hong Kong are subject to Hong Kong profits tax of 16.5% on estimated assessable profits arising in Hong Kong and we had no tax obligation arising from other jurisdictions during the Track Record Period. For more details, please see note 10 to the Accountants' Report as set out in Appendix I to this prospectus. Our effective tax rate for operations in Hong Kong was approximately 19.2%, 12.1%, 17.0% and 15.1% for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. The seemingly low effective tax rate of approximately 12.1% for the year ended 31 March 2015 was mainly due to the tax effect of non-taxable income of approximately HK$2.0 million mainly arising from the net fair value gain on investment properties and dividend income. The relatively low effective tax rate of approximately 15.1% for the four months ended 31 July 2016 was mainly due to the tax effect of non-taxable income of approximately HK$8.6 million mainly arising from gain on disposal of non-current assets classified as held for sale. During the Track Record Period and up to the Latest Practicable Date, we fulfilled our tax obligations and did not have any tax disputes.

Discontinued operations

Profit from discontinued operations

Profit from discontinued operations represents our profit generated from our operation and management of medical clinic and Chinese medical clinic in Hong Kong. On 19 August 2016, the disposal of Best Luck and Added Twist, which engaged in the operation and management of medical clinic and Chinese medical clinic, respectively, were completed. The reason for the disposal was to delineate other businesses operated by our Group from our principal business. Therefore, our operation and management of medical clinic and Chinese medical clinic business carried out during the Track Record Period had been reclassified as discontinued operations to provide a more appropriate presentation. The same adjustments have been made to the corresponding prior years. The reclassification had no impact on our Group's overall results. For the three years ended 31 March 2016 and the four months ended 31 July 2016, our profit from discontinued operations was approximately HK$0.9 million, HK$1.8 million, HK$1.4 million and HK$1.0 million, respectively. The disposal of Best Luck and Added Twist by our Group was subsequently completed in August 2016. Further details are set forth in note 11 "Discontinued operations and assets and liabilities of disposal groups classified as held for sale" to the Accountants' Report as set out in Appendix I to this prospectus.

Acquisition of a subsidiary

On 1 April 2013, our Group acquired 100% equity interest in Manchester Rehabilitation (a company principally engaged in operation and management of a physiotherapy clinic and provision of physiotherapy services to our Group prior to the acquisition) from Ms. Leu at a consideration of HK$1. After the acquisition, Manchester Rehabilitation became an indirect wholly-owned subsidiary of our Company and it would continue to operate and manage the physiotherapy clinic and provide physiotherapy services to our Group. Our Directors believe that such acquisition would add value to our services to our residents.

The acquisition of Manchester Rehabilation did not result in significant contribution to our Group's revenue and consolidated profit for the Track Record Period.

Further details of the acquisition are set forth in note 33 "Business Combination" to the Accountants' Report as set out in Appendix I to this prospectus.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Four months ended 31 July 2016 compared to four months ended 31 July 2015

Revenue

Our revenue increased by approximately HK$2.4 million, or 4.2% from approximately HK$56.9 million for the four months ended 31 July 2015 to approximately HK$59.3 million for the four months ended 31 July 2016 resulting from the increase in revenue generated from rendering of elderly home care services despite the slight decrease in revenue from sale of elderly home related goods and provision of health care services.

Rendering of elderly home care services

Our revenue generated from rendering of elderly home care services increased by approximately HK$2.7 million, or 5.5% from approximately HK$48.3 million for the four months ended 31 July 2015 to approximately HK$51.0 million for the four months ended 31 July 2016. The increase in revenue was mainly attributed to the increases in both the average monthly residential fee and the average monthly occupancy rate for both the EBPS and individual customers.

The increase in the average monthly residential fee was contributed by (i) the increase in the average monthly residential fee under the EBPS by approximately 2.4%, from approximately HK$11,294 for the four months ended 31 July 2015 to approximately HK$11,566 for the four months ended 31 July 2016, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement and (ii) the increase in the average monthly residential fee for individual customers by approximately 6.3%, from approximately HK$9,128 for the four months ended 31 July 2015 to approximately HK$9,703 for the four months ended 31 July 2016, which was mainly resulted from an upward price adjustment.

The increase in the average monthly occupancy rate was contributed by (i) the increase in the average monthly occupancy rate under the EBPS from approximately 97.8% for the four months ended 31 July 2015 to approximately 98.3% for the four months ended 31 July 2016; and (ii) the increase in the average monthly occupancy rate for individual customers from approximately 84.7% for the four months ended 31 July 2015 to approximately 89.8% for the four months ended 31 July 2016.

The increase in our revenue from rendering of elderly home care services was primarily contributed by the increases in revenue of New Pine Care Centre, Pine Care (Po Tak) Elderly Centre and Pine Care (Po Tak Branch) Elderly Centre.

The revenue of New Pine Care Centre increased by approximately HK$0.9 million from approximately HK$11.8 million for the four months ended 31 July 2015 to approximately HK$12.7 million for the four months ended 31 July 2016. The increase was mainly resulted from (i) the increase in the average monthly residential fees for individual customers by approximately 17.9%, from approximately HK$8,384 for the four months ended 31 July 2015 to approximately HK$9,885 for the four months ended 31 July 2016, which was mainly resulted from an upward price adjustment; (ii) the increase in the average occupancy rate for individual customers from approximately 85.1% for the four months ended 31 July 2015 to approximately 91.4% for the four months ended 31 July 2016, which was mainly due to more marketing effort of our staff on the introduction tours. The effect was partially offset by the decrease in the average occupancy rate under the EBPS by approximately 0.9%, from approximately 99.2% for the four months ended 31 July 2015 to approximately 98.3% for the four months ended 31 July 2016, which was mainly due to our vacant residential places purchased by SWD under the EBPS were not immediately occupied, while the average monthly residential fees under the EBPS increased slightly by approximately 2.3% from HK$12,134 for the four months ended 31 July 2015 to HK$12,416 for the four months ended 31 July 2016, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement.

The revenue of Pine Care (Po Tak) Elderly Centre increased by approximately HK$0.5 million from approximately HK$7.9 million for the four months ended 31 July 2015 to approximately HK$8.4 million for the four months ended 31 July 2016. The increase was mainly resulted from (i) the increase in the average monthly residential fees under the EBPS by approximately 2.3% from approximately HK$11,586 for the four months ended 31 July 2015, to approximately HK$11,853 for the four months ended 31 July 2016, which was mainly resulted price upward adjustment as agreed pursuant to the relevant EBPS Agreement; and (ii) the increase in the average occupancy rate under both the EBPS and individual customers from approximately 98.8% and 78.2% for the four months ended 31 July 2015 to approximately 100.0% and 91.2% for the four months ended 31 July 2016, respectively, which was mainly due to (i) more residents were arranged by the SWD to the vacant residential places purchased under the EBPS, and (ii) the preference of individual customers over Pine Care (Po Tak) Elderly Centre, which possessed relatively more facilities, given the close proximity of Pine Care (Po Tak) Elderly Centre to Pine Care (Po Tak Branch) Elderly Centre, respectively.

The revenue of Pine Care (Po Tak Branch) Elderly Centre increased by approximately HK$0.4 million from approximately HK$5.8 million for the four months ended 31 July 2015 to approximately HK$6.2 million for the four months ended 31 July 2016. The increase was mainly resulted from the increases in the average monthly residential fees for both under EBPS and for individual customers by approximately 2.3% and 23.3%, respectively, from approximately HK$11,586 and HK$9,790 for the four months ended 31 July 2015, respectively, to approximately HK$11,853 and HK$12,075 for the four months ended 31 July 2016, respectively, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement and an upward price adjustment for individual customers and the slight increase in the average occupancy rate for individual customers from approximately 76.8% for the four months ended 31 July 2015 to approximately 78.6% for the four months ended 31 July 2016, which was mainly due to the high occupancy rate of Pine Care (Po Tak) Elderly Centre, customers preferred less crowdy environment and opted for Pine Care (Po Tak Branch) Elderly Centre, given the two care and attention homes are located nearby, while the average occupancy rate under the EBPS slightly decreased from approximately 97.2% for the four months ended 31 July 2015 to approximately 95.2% for the four months ended 31 July 2016, which was mainly due to to our vacant residential places purchased by the SWD under the EBPS were not immediately occupied.

Sale of elderly home related goods and provision of health care services

Our revenue from sale of elderly home related goods and provision of health care services decreased by approximately HK$0.3 million, or 3.2% from approximately HK$8.6 million for the four months ended 31 July 2015 to approximately HK$8.3 million for the four months ended 31 July 2016. The decrease was primarily due to (i) the decrease in the average annual spending on elderly home related goods per resident from approximately HK$7,569 for the four months ended 31 July 2015 to approximately HK$7,140 for the four months ended 31 July 2016 despite an increase in the number of average monthly residents from 1,129 for the four months ended 31 July 2015 to 1,158 for the four months ended 31 July 2016.

Other income and gains

Our other income and gains increased by approximately HK$2.5 million, or approximately 39.1% from approximately HK$6.5 million for the four months ended 31 July 2015 to approximately HK$9.1 million for the four months ended 31 July 2016. The increase in other income and gains was mainly due to our Group's disposal of a warehouse which was completed in May 2016. While the other income and gains for the four months ended 31 July 2015 was mainly due to gain on disposal of financial assets at fair value through profit or loss, net of approximately HK$4.8 million.

Depreciation

Our depreciation remained relatively stable at approximately HK$2.9 million and HK$2.7 million for the four months ended 31 July 2015 and the four months ended 31 July 2016, respectively.

Staff costs

Our staff costs slightly decreased by approximately HK$0.9 million, or 3.7% from approximately HK$25.2 million for the four months ended 31 July 2015 to approximately HK$24.3 million for the four months ended 31 July 2016. The decrease in staff cost was primarily due to a decrease in the average headcounts for permanent staff from 453 for the four months ended 31 July 2015 to 443 for the four months ended 31 July 2016. Such decrease in average headcounts for permanent staff led to an increase in our medical professional fee recorded in other operating expenses to hire more additional workforce to solve temporary labour shortage for the four months ended 31 July 2016.

Property rental and related expenses

Our property rental and related expenses increased by approximately HK$0.3 million, or 6.2% from approximately HK$5.4 million for the four months ended 31 July 2015 to approximately HK$5.7 million for the four months ended 31 July 2016. The increase in property rental and related expenses was primarily due to the increased monthly rental charges after the renewal of the new leases for Pine Care (Po Tak Branch) Elderly Centre in October 2015.

Food and beverage costs

Our food and beverage costs remained relatively stable at approximately HK$2.7 million for both of the four months ended 31 July 2015 and 2016.

Utility expenses

Our utility expenses remained relatively stable at approximately HK$2.8 million and HK$2.9 million for the four months ended 31 July 2015 and the four months ended 31 July 2016, respectively.

Supplies and consumables

Our supplies and consumables remained relatively stable at approximately HK$2.0 million and HK$1.8 million for the four months ended 31 July 2015 and the four months ended 31 July 2016, respectively.

Other operating expenses

Our other operating expenses remained relatively stable at approximately HK$4.4 million for the four months ended 31 July 2015 and approximately HK$4.3 million for the four months ended 31 July 2016. The slight decrease in other operating expenses was primarily due to the decrease in legal and professional fee of HK$0.6 million, which was mainly resulted from no legal fees paid in relation to our Group's Reorganisation during the four months ended 31 July 2016. The effect was partially offset by an increase in medical professional fee of approximately HK$0.4 million, which was mainly due to the fact that more temporary staff was hired as there was a decrease in the average headcount for permanent staff for the four months ended 31 July 2016.

Operating profit

Our operating profit from continuing operations is defined as profit for the four months from continuing operations before other income and gains, other expenses, listing expenses, finance costs and income tax expense. Operating profit from continuing operations increased by approximately HK$3.2 million, or approximately 29.3% from approximately HK$10.9 million for the four months ended 31 July 2015 to approximately HK$14.1 million for the four months ended 31 July 2016. The operating profit margin, being our operating profit from continuing operations as a percentage of revenue, increased by approximately 4.6% from approximately 19.2% for the four months ended 31 July 2015 to approximately 23.8% for the four months ended 31 July 2016. The increase in operating profit margin was primarily due to the combined effect of (i) the increase in revenue; (ii) the increase in property rental and related expenses; and (iii) the decrease in staff costs. For details of the fluctuations, please refer to the above paragraphs in this section.

Other expenses

Our other expenses decreased by approximately HK$0.6 million, or approximately 37.3% from approximately HK$1.5 million for the four months ended 31 July 2015 to approximately HK$1.0 million for the four months ended 31 July 2016. The decrease in other expenses for the period was mainly due to no loss on disposal of available-for-sale investments being recognised and no loss on disposal of an investment property which related to the sales of our investment property being recorded for the four months ended 31 July 2016.

Listing expenses

Listing expenses amounted to approximately HK$4.9 million for the four months ended 31 July 2016 while no listing expenses had been incurred for the four months ended 31 July 2015.

Finance costs

Our finance costs decreased by approximately HK$0.4 million, or 21.5% from HK$1.7 million for the four months ended 31 July 2015 to HK$1.3 million for the four months ended 31 July 2016. The decrease in finance costs was primarily due to the repayment of bank loans of approximately HK$62.1 million during the year ended 31 March 2016 reflecting the effect on our finance costs for the four months ended 31 July 2016.

Income tax expense

Income tax expense increased from approximately HK$2.2 million for the four months ended 31 July 2015 to approximately HK$2.4 million for the four months ended 31 July 2016. Our effective tax rate remained stable at approximately 15.4% for the four months ended 31 July 2015 and approximately 15.1% for the four months ended 31 July 2016. Our income not subject to tax amounted to approximately HK$1.5 million for the four months ended 31 July 2016 mainly represented the effect of gain on disposal of non-current assets held for sale amounted to approximately HK$8.6 million for the four months ended 31 July 2016 due to our Group's disposal of a warehouse in May 2016, which was non-taxable in nature.

Profit for the period

As a result of the foregoing, profit for the period from continuing operations increased by approximately HK$1.6 million, or approximately 13.0% from approximately HK$12.0 million for the four months ended 31 July 2015 to approximately HK$13.6 million for the four months ended 31 July 2016. Our net profit margin also increased from approximately 21.2% for the four months ended 31 July 2015 to approximately 22.9% for the four months ended 31 July 2016. The increase in the profit for the period was mainly attributable to (i) the recognition of gain on disposal of a warehouse, of approximately HK$8.6 million for the four months ended 31 July 2016; and (ii) an increase in revenue by HK$2.4 million. The effect was partly offset by the recognition of listing expenses of HK$4.9 million for the four months ended 31 July 2016 and no gain on disposal of financial assets at fair value through profit or loss, being recorded for the four months ended 31 July 2016 compared to a gain on disposal of financial assets at fair value through profit or loss of approximately HK$4.8 million for the four months ended 31 July 2015.

Year ended 31 March 2016 compared to year ended 31 March 2015

Revenue

Our revenue increased by approximately HK$9.0 million, or 5.5% from approximately HK$163.8 million for the year ended 31 March 2015 to HK$172.7 million for the year ended 31 March 2016 resulting from the increase in revenue generated from both rendering of elderly home care services and sale of elderly home related goods and provision of health care services.

Rendering of elderly home care services

Our revenue generated from rendering of elderly home care services increased by HK$7.4 million, or 5.3% from HK$139.5 million for the year ended 31 March 2015 to approximately HK$146.9 million for the year ended 31 March 2016. The increase in revenue was mainly attributed to increases in both the average monthly residential fee and the average monthly occupancy rate for both the EBPS and individual customers.

The increase in average monthly residential fee was contributed by (i) the increase in the average monthly residential fee under the EBPS by approximately 3.9%, from approximately HK$10,872 for the year ended 31 March 2015 to approximately HK$11,294 for the year ended 31 March 2016, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement; and (ii) the increase in the average monthly residential fee for individual customers by approximately 6.8%, from approximately HK$8,585 for the year ended 31 March 2015 to approximately HK$9,173 for the year ended 31 March 2016, which was mainly resulted from an upward price adjustment.

The increase in the average monthly occupancy rate was contributed by (i) the increase in the average monthly occupancy rate under the EBPS from approximately 97.7% for the year ended 31 March 2015 to approximately 98.1% for the year ended 31 March 2016; and (ii) the increase in the average monthly occupancy rate for individual customers from approximately 86.6% for the year ended 31 March 2015 to approximately 88.1% for the year ended 31 March 2016.

The increase in revenue was primarily contributed by the increases in revenue of New Pine Care Centre, Pine Care Hong Fai Elderly Centre and Pine Care (Po Tak) Elderly Centre.

The revenue of New Pine Care Centre increased by approximately HK$1.8 million from approximately HK$35.0 million for the year ended 31 March 2015 to approximately HK$36.8 million for the year ended 31 March 2016. The increase was mainly resulted from (i) the increase in the average monthly residential fees under the EBPS by approximately 3.8%, from approximately HK$11,685 for the year ended 31 March 2015 to approximately HK$12,134 for the year ended 31 March 2016, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement; (ii) the increase in the average occupancy rate for individual customers from approximately 87.4% for the year ended 31 March 2015 to approximately 90.8% for the year ended 31 March 2016, which was mainly due to more marketing effort of our staff on the introduction tours for the prospective residents by our staff. The effect was partially offset by the decrease in the average occupancy rate under the EBPS by approximately 0.6%, from approximately 99.1% for the year ended 31 March 2015 to approximately 98.5% for the year ended 31 March

2016 which was mainly due to our vacant residential places purchased by the SWD under the EBPS were not immediately occupied, while the average monthly residential fees for individual customers remained stable for the year ended 31 March 2016.

The revenue of Pine Care Hong Fai Elderly Centre increased by approximately HK$1.5 million from approximately HK$11.7 million for the year ended 31 March 2015 to approximately HK$13.2 million for the year ended 31 March 2016. The increase was mainly resulted from the increase in both the average monthly residential fees under the EBPS and for individual customers by approximately 3.8% and 27.7%, respectively, from approximately HK$11,685 and HK$8,320 for the year ended 31 March 2015, respectively, to approximately HK$12,134 and HK$10,624 for the year ended 31 March 2016, respectively, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement and an upward price adjustment for individual customers, respectively. The effect was partially offset by the decrease in the average occupancy rates under EBPS and for individual customers decreased from approximately 99.2% and 96.7% for the year ended 31 March 2015, respectively, to approximately 98.5% and 95.3% for the year ended 31 March 2016, respectively, which were mainly due to (i) to our vacant residential places purchased by the SWD under the EBPS were not immediately occupied; and (ii) certain individual customers who passed away during the year ended 31 March 2016, respectively.

The revenue of Pine Care (Po Tak) Elderly Centre increased by approximately HK$1.1 million from approximately HK$23.1 million for the year ended 31 March 2015 to approximately HK$24.2 million for the year ended 31 March 2016. The increase was mainly resulted from the increases in the average monthly residential fees for both under the EBPS and for individual customers by approximately 3.8% and 6.1%, respectively, from approximately HK$11,161 and HK$10,318 for the year ended 31 March 2015, respectively, to approximately HK$11,586 and HK$10,949 for the year ended 31 March 2016, respectively, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement and an upward price adjustment for individual customers and the slight increase in the average occupancy rate under the EBPS from 98.3% for the year ended 31 March 2015 to approximately 98.8% for the year ended 31 March 2016, which was mainly due to more residents were arranged by the SWD to the vacant residential places purchased under the EBPS, while the average occupancy rate for individual customers remained stable for the year ended 31 March 2016.

Sale of elderly home related goods and provision of health care services

Our revenue from sale of elderly home related goods and provision of health care services increased by approximately HK$1.5 million, or 6.3% from approximately HK$24.3 million for the year ended 31 March 2015 to approximately HK$25.8 million for the year ended 31 March 2016. The increase was primarily due to (i) an increase in the average annual spending on elderly home related goods per resident from approximately HK$21,261 for the year ended 31 March 2015 to approximately HK$22,432 for the year ended 31 March 2016; and (ii) an increase in the average number of residents per month from 1,138 for the year ended 31 March 2015 to 1,148 for the year ended 31 March 2016.

Other income and gains

Our other income and gains decreased by approximately HK$20.5 million, or approximately 79.3% from approximately HK$25.8 million for the year ended 31 March 2015 to approximately HK$5.4 million for the year ended 31 March 2016. The decrease in other income and gains was mainly due to the decreases in net fair value gain on investment properties, net fair value gain on financial assets at fair value through profit or loss and dividend income.

Net fair value gain on investment properties amounted to approximately HK$8.8 million for the year ended 31 March 2015 turned into net fair value loss on investment properties of approximately HK$1.8 million for the year ended 31 March 2016, which was classified as other expenses in our consolidated statement of profit or loss. Net fair value loss on investment properties was recognised for the year ended 31 March 2016 mainly due to a general downturn of the property market in Hong Kong in the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Net fair value gain on financial assets at fair value through profit or loss decreased by approximately HK$6.5 million, from approximately HK$6.6 million for the year ended 31 March 2015 to approximately HK$0.1 million for the year ended 31 March 2016. The decrease was mainly resulted from a share decline in the Hong Kong stock market during the first quarter of 2016 compared to the first quarter of 2015.

Dividend income decreased by approximately HK$2.1 million, from approximately HK$2.6 million for the year ended 31 March 2015 to approximately HK$0.5 million for the year ended 31 March 2016. The decrease in dividend income was mainly due to less dividends being yielded from our listed equity investments for the year ended 31 March 2016.

Depreciation

Our depreciation remained relatively stable at approximately HK$8.6 million and HK$8.7 million for the the two years ended 31 March 2016, respectively.

Staff costs

Our staff costs increased by approximately HK$3.7 million, or 5.1% from approximately HK$72.5 million for the year ended 31 March 2015 to approximately HK$76.2 million for the year ended 31 March 2016. The increase in staff cost was primarily due to an increase in the average headcounts for permanent staff from 423 for the year ended 31 March 2015 to 442 for the year ended 31 March 2016 and a general salary increment during the year ended 31 March 2016.

Property rental and related expenses

Our property rental and related expenses increased by approximately HK$0.8 million, or 4.8% from approximately HK$15.8 million for the year ended 31 March 2015 to approximately HK$16.6 million for the year ended 31 March 2016. The increase in property rental and related expenses was primarily due to the increased monthly rental charges after the renewal of the new leases for Pine Care Centre and Pine Care (Po Tak Branch) Elderly Centre in August 2014 and October 2015, respectively.

Food and beverage costs

Our food and beverage costs slightly increased by approximately HK$0.2 million, or 3.0% from approximately HK$8.3 million for the year ended 31 March 2015 to approximately HK$8.5 million for the year ended 31 March 2016. The increase in food and beverage costs was in line with the increase in the overall average monthly occupancy rate for the year ended 31 March 2016.

Utility expenses

Our utility expenses remained relatively stable at approximately HK$6.9 million and HK$7.1 million for the two years ended 31 March 2016, respectively.

Supplies and consumables

Our supplies and consumables remained relatively stable at approximately HK$5.5 million and HK$5.6 million for the two years ended 31 March 2016, respectively.

Other operating expenses

Our other operating expenses decreased by approximately HK$4.2 million, or 25.9% from HK$16.1 million for the year ended 31 March 2015 to approximately HK$11.9 million for the year ended 31 March 2016. The decrease in other operating expenses was primarily due to the decrease in medical professional fee by HK$2.5 million resulting from fewer temporary staff being hired during the year ended 31 March 2016 as there was an increase in the average headcount for permanent staff for the year ended 31 March 2016.

Operating profit

Our operating profit from continuing operations is defined as profit for the year from continuing operations before other income and gains, other expenses, listing expenses, finance costs and income tax expense. Operating profit from continuing operations increased by approximately HK$8.3 million, or approximately 29.0% from approximately HK$28.5 million for the year ended 31 March 2015 to approximately HK$36.8 million for the year ended 31 March 2016. The operating profit margin, being our operating profit from continuing operations as a percentage of revenue, increased by approximately 3.9% from approximately 17.4% for the year ended 31 March 2015 to approximately 21.3% for the year ended 31 March 2016. The increase in operating profit margin was primarily due to the increase in revenue and the effect was partially offset by the increase in operating expenses. The increase in revenue was mainly due to the increases in average monthly residential fee and the average occupancy rate for the year ended 31 March 2016. The increase in operating expenses was primarily due to the increase in staff costs for the year ended 31 March 2016. The effect was partially offset by the decrease in other operating expenses for the year ended 31 March 2016. For details of the fluctuations, please refer to the above paragraphs in this section.

Other expenses

We recorded other expenses of approximately HK$4.6 million for the year ended 31 March 2016 and we did not recognise any other expenses for the year ended 31 March 2015. Other expenses for the year ended 31 March 2016 mainly consisted of (i) the net fair value loss on investment properties of approximately HK$1.8 million recognised primarily as a result of a general downturn of the property market in Hong Kong; (ii) the loss on disposal of available-for-sale investments of approximately HK$1.1 million recognised mainly resulting from the depreciation of value in the unlisted unit trust funds upon disposal during the year ended 31 March 2016; and (iii) the impairment loss on disposal groups classified as held for sale of approximately HK$1.4 million.

Listing expenses

Listing expenses amounted to approximately HK$1.6 million for the year ended 31 March 2016 which had not been incurred during the year ended 31 March 2015.

Finance costs

Our finance costs decreased by approximately HK$0.9 million, or 15.5% from HK$5.7 million for the year ended 31 March 2015 to HK$4.8 million for the year ended 31 March 2016. The decrease in finance costs was primarily due to the repayment of interest-bearing bank loans of approximately HK$30.7 million during the year ended 31 March 2015 and further repayment of interest-bearing bank loans of approximately HK$62.1 million during the year ended 31 March 2016.

Income tax expense

Income tax expense decreased from approximately HK$5.9 million for the year ended 31 March 2015 to approximately HK$5.3 million for the year ended 31 March 2016. Our effective tax rate increased from approximately 12.1% for the year ended 31 Mach 2015 to approximately 17.0% for the year ended 31 March 2016, which was primarily due to (i) a smaller portion of our income was not subject to tax for the year ended 31 March 2016, which was mainly resulted from no fair value gain on investment properties being recognised for the year ended 31 March 2016; and (ii) an increase in expenses not deductible for tax for the year ended 31 March 2016 which was mainly resulted from the fair value loss on investment properties, the listing expenses and the impairment loss on disposal groups classified as held for sale recognised for the year ended 31 March 2016.

Profit for the year

As a result of the foregoing, profit for the year from continuing operations decreased by approximately HK$16.9 million, or approximately 39.6% from approximately HK$42.8 million for the year ended 31 March 2015 to approximately HK$25.8 million for the year ended 31 March 2016. Our net profit margin also decreased from approximately 26.1% for the year ended 31 March 2015 to approximately 14.9% for the year ended 31 March 2016. The decrease in the profit for the year was mainly attributed by (i) net fair value loss on investment properties of approximately HK$1.8 million recognised for the year ended 31 March 2016, compared to net fair value gain on investment properties of approximately HK8.8 million recognised for the year ended 31 March 2015; and (ii) net fair value gain on financial assets at fair value through profit or loss decreased by approximately HK$6.5 million, from approximately HK$6.6 million for the year ended 31 March 2015 to approximately HK$0.1 million for the year ended 31 March 2016.

Year ended 31 March 2015 compared to year ended 31 March 2014

Revenue

Our revenue increased by approximately HK$15.8 million, or 10.7% from approximately HK$147.9 million for the year ended 31 March 2014 to approximately HK$163.8 million for the year ended 31 March 2015 which was primarily resulted from the increase in revenue generated from both rendering of elderly home care services and sale of elderly home related goods and provision of health care services.

Rendering of elderly home care services

Our revenue generated from rendering of elderly home care services increased by HK$14.5 million, or 11.6% from approximately HK$125.0 million for the year ended 31 March 2014 to approximately HK$139.5 million for the year ended 31 March 2015. The increase in revenue was mainly attributed to the increases in both the average monthly residential fee and the monthly occupancy rate for both the EBPS and individual customers.

The increase in the average monthly residential fee was contributed by (i) the increase in both the average monthly residential fee under the EBPS by approximately 15.4%, from approximately HK$9,423 for the year ended 31 March 2014 to approximately HK$10,872 for the year ended 31 March 2015, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement; and (ii) the increase in the average monthly residential fee for individual customers by approximately 3.7%, from approximately HK$8,281 for the year ended 31 March 2014 to approximately HK$8,585 for the year ended 31 March 2015, which was mainly resulted from an upward price adjustment for individual customers.

The increase in the average monthly occupancy rate was mainly contributed by the increase in the average monthly occupancy rates under the EBPS from approximately 96.7% for the year ended 31 March 2014 to approximately 97.7% for the year ended 31 March 2015. The average monthly occupancy rate for individual customers remained stable at approximately 86.6% for the year ended 31 March 2015.

The increase in revenue was primarily contributed by the increases in revenue of New Pine Care Centre, Pine Care (Manning) Elderly Centre and Pine Care Hong Fai Elderly Centre.

The revenue of New Pine Care Centre increased by approximately HK$3.2 million from approximately HK$31.8 million for the year ended 31 March 2014 to approximately HK$35.0 million for the year ended 31 March 2015. The increase was primarily resulted from the increases in both the average monthly residential fees under the EBPS and for individual customers by approximately 11.5% and 14.6%, respectively, from approximately HK$10,477 and HK$7,747 for the year ended 31 March 2014, respectively, to approximately HK$11,685 and HK$8,876 for the year ended 31 March 2015, respectively, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement and an upward price adjustment for individual customers, respectively. The effect was partially offset by the decreases in the average occupancy rates under the EBPS and for individual customers from approximately 99.4% and 90.8% for the year ended 31 March 2014, respectively, to approximately 99.1% and 87.4% for the year ended 31 March 2015, respectively, which were mainly due to (i) our vacant residential places purchased by the

SWD under the EBPS not being immediately occupied; and (ii) certain of our individual customers who were on the Central Waiting List having been arranged by the SWD to occupy our residential places purchased under the EBPS, respectively.

The revenue of Pine Care (Manning) Elderly Centre increased by approximately HK$1.4 million from approximately HK$14.9 million for the year ended 31 March 2014 to approximately HK$16.3 million for the year ended 31 March 2015. The increase was primarily resulted from the increase in both the average monthly residential fees under EBPS and for individual customers by approximately 11.5% and 14.0%, respectively, from approximately HK$10,477 and HK$6,875 for the year ended 31 March 2014, respectively, to approximately HK$11,685 and HK$7,839 for the year ended 31 March 2015, respectively, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement and an upward price adjustment for individual customers, respectively. The effect was partially offset by the decrease in the average occupancy rates under the EBPS and for individual customers from approximately 94.0% and 95.5% for the year ended 31 March 2014, respectively, to approximately 93.2% and 94.8% for the year ended 31 March 2015, respectively, which were mainly due to (i) our vacant residential places purchased by the SWD under the EBPS not being immediately occupied; and (ii) certain of our individual customers who were on the Central Waiting List having been arranged by the SWD to occupy our residential places purchased under the EBPS.

The revenue of Pine Care Hong Fai Elderly Centre increased by approximately HK$2.7 million from approximately HK$9.0 million for the year ended 31 March 2014 to approximately HK$11.7 million for the year ended 31 March 2015. The increase was primarily resulted from the increase in the average monthly residential fees under the EBPS by approximately 11.5% from approximately HK$10,477 for the year ended 31 March 2014 to approximately HK$11,685 for the year ended 31 March 2015, which was mainly resulted from price upward adjustment as agreed pursuant to the relevant EBPS Agreement, and the increase in the average occupancy rates under EBPS and for individual customers from approximately 79.1% and 92.2% for the year ended 31 March 2014, respectively, to approximately 99.2% and 96.7% for the year ended 31 March 2015, respectively, which were mainly due to (i) more residents having been arranged by the SWD to occupy the vacant residential places purchased under the EBPS; and (ii) more marketing effort of our staff on the introduction tours for the prospective residents by our staff, respectively.

Sale of elderly home related goods and provision of health care services

Our revenue from sale of elderly home related goods and provision of health care services increased by approximately HK$1.4 million, or approximately 5.9% from approximately HK$22.9 million for the year ended 31 March 2014 to HK$24.3 million for the year ended 31 March 2015. The increase was primarily due to (i) an increase in the average annual spending on elderly home related goods per resident from approximately HK$20,335 for the year ended 31 March 2014 to approximately HK$21,261 for the year ended 31 March 2015; and (ii) an increase in the average number of residents per month from 1,118 for the year ended 31 March 2014 to 1,138 for the year ended 31 March 2015.

Other income and gains

Our other income and gains increased by approximately HK$21.5 million, or approximately 496.8% from approximately HK$4.3 million for the year ended 31 March 2014 to approximately HK$25.8 million for the year ended 31 March 2015. The increase in other income and gains was mainly due to the increases in net gain on disposal of financial assets at fair value through profit or loss, net fair value gain on investment properties, and net fair value gain on financial assets at fair value through profit or loss.

Net fair value gain on investment properties increased by approximately HK$8.5 million, from approximately HK$0.3 million for the year ended 31 March 2014 to approximately HK$8.8 million for the year ended 31 March 2015. The increase was mainly resulted from a surge of the property market prices in Hong Kong during the year ended 31 March 2015.

Net fair value loss on financial assets at fair value through profit or loss of approximately HK$3.1 million was recognised for the year ended 31 March 2014, which was classified as other expenses in our consolidated statements of profit or loss, turned into net fair value gain on financial assets at fair value through profit or loss of approximately HK$6.6 million for the year ended 31 March 2015. Net fair value gain on financial assets at fair value through profit or loss was recognised for the year mainly resulting from a surge of the stock market in Hong Kong during the year ended 31 March 2015.

Net loss on disposal of financial assets at fair value through profit or loss of approximately HK$1.2 million recognised for the year ended 31 March 2014, which was classified in other expenses in our consolidated statements of profit or loss, turned into net gain on disposal of financial assets at fair value through profit or loss of approximately HK$4.7 million for the year ended 31 March 2015. Net gain on disposal of financial assets at fair value through profit or loss was recognised for the year ended 31 March 2015 mainly due to a surge in the Hong Kong stock market during the year ended 31 March 2015.

Depreciation

Our depreciation decreased by approximately HK$2.5 million, or approximately 22.8% from approximately HK$11.2 million for the year ended 31 March 2014 to approximately HK$8.6 million for the year ended 31 March 2015. The decrease in depreciation was primarily due to the full year effect of the leasehold improvements for New Pine Care Centre and Pine Care (Lee Foo) Elderly Care Centre which became fully depreciated during the year ended 31 March 2014.

Staff costs

Our staff costs increased by approximately HK$5.5 million, or approximately 8.2% from approximately HK$67.0 million for the year ended 31 March 2014 to approximately HK$72.5 million for the year ended 31 March 2015. The increase was primarily due to (i) the increase in the number of headcounts for permanent registered nurses and social workers with higher salaries and (ii) a general salary increment during the year ended 31 March 2015. The effect was partially offset by the decrease in the average headcounts for other permanent staff for the year ended 31 March 2015.

Property rental and related expenses

Our property rental and related expenses increased by HK$1.9 million, or approximately 13.4% from HK$13.9 million for the year ended 31 March 2014 to HK$15.8 million for the year ended 31 March 2015. The increase in property rental and related expenses was primarily due to the increased monthly rental charges after the renewal of the new leases for Pine Care Centre and Pine Care (Tak Fung) Elderly Centre in August 2014 and May 2014, respectively.

Food and beverage costs

Our food and beverage costs slightly increased by approximately HK$0.4 million, or approximately 5.7% from approximately HK$7.8 million for the year ended 31 March 2014 to approximately HK$8.3 million for the year ended 31 March 2015. The increase in food and beverage costs was in line with the increase in the overall average monthly occupancy rate for the year ended 31 March 2015.

Utility expenses

Our utility expenses remained relatively stable at approximately HK$6.2 million and HK$6.9 million for the two years ended 31 March 2015, respectively.

Supplies and consumables

Our supplies and consumables remained relatively stable at approximately HK$5.4 million and HK$5.5 million for the two years ended 31 March 2015, respectively.

Other operating expenses

Our other operating expenses increased by approximately HK$5.2 million, or approximately 47.6% from HK$10.9 million for the year ended 31 March 2014 to approximately HK$16.1 million for the year ended 31 March 2015. The increase in other operating expenses was primarily due to the increase in medical professional fee by approximately HK$4.0 million resulting from more temporary staff being hired during the year ended 31 March 2015.

Operating profit

Operating profit from continuing operations increased by approximately HK$5.0 million, or approximately 21.1% from approximately HK$23.6 million for the year ended 31 March 2014 to approximately HK$28.5 million for the year ended 31 March 2015. The operating profit margin, being our operating profit from continuing operations as a percentage of revenue, increased by approximately 1.5% from approximately 15.9% for the year ended 31 March 2014 to approximately 17.4% for the year ended 31 March 2015. The increase in operating profit margin was primarily due to the increase in revenue, and the effect was partially offset by the increase in operating expenses. The increase in revenue was mainly due to the increases in the overall average monthly residential fee in the average occupancy rate for the year ended 31 March 2015. The increase in operating expenses was primarily due to the increases in staff costs and property rental and related expense for the year ended 31 March 2015. The effect was partially offset by the decrease in depreciation charged for the year ended 31 March 2015. For details of the fluctuation, please refer to the above paragraphs in this section.

Other expenses

Our other expenses decreased from approximately HK$4.3 million for the year ended 31 March 2014 to nil for the year ended 31 March 2015. The decrease in other expenses was primarily due to (i) fair value loss on financial assets at fair value through profit or loss of approximately HK$3.1 million was incurred for the year ended 31 March 2014 while no such loss was recorded for the year ended 31 March 2015; and (ii) loss on disposal of financial assets at fair value through profit or loss of approximately HK$1.2 million was incurred for the year ended 31 March 2014 while no such loss was recorded for the year ended 31 March 2015. See paragraph headed "Other expenses" in this section above for more details.

Finance costs

Finance costs decreased by approximately HK$0.2 million, or approximately 3.2% from approximately HK$5.9 million for the year ended 31 March 2014 to approximately HK$5.7 million for the year ended 31 March 2015. The decrease in finance costs was primarily due to the repayments of interest-bearing bank loans of approximately HK$32.7 million and HK$30.7 million during the year ended 31 March 2014 and the year ended 31 March 2015, respectively. The effect was partially offset by the full year effect of interests paid for the bank loans of approximately HK$56.3 million extended to us during the year ended 31 March 2014.

Income tax expense

Income tax expense increased by approximately HK$2.5 million from approximately HK$3.4 million for the year ended 31 March 2014 to approximately HK$5.9 million for the year ended 31 March 2015 mainly due to increase in our profit before tax from continuing operations. Our effective tax rate decreased from approximately 19.2% for the year ended 31 March 2014 to approximately 12.1% for the year ended 31 March 2015 as a result of (i) a large portion of non-taxable income mainly arising from the net fair value gain on investment properties; and (ii) the assessable profits arising from the improved financial performances of Pine Care (Tak Fung) Elderly Centre and Pine Care Hong Fai Elderly Centre for the year ended 31 March 2015, which both recorded tax losses for the year ended 31 March 2014. Our income not subject to tax amounted to approximately HK$2.0 million for the year ended 31 March 2015 mainly represented the effect of dividend income of approximately HK$2.6 million and fair value gain on investment properties of approximately HK$8.8 million for the year ended 31 March 2015, which were non-taxable in nature.

Profit for the year

As a result of the foregoing, profit for the year from continuing operations increased by approximately HK$28.5 million, or approximately 199.3% from approximately HK$14.3 million for the year ended 31 March 2014 to approximately HK$42.8 million for the year ended 31 March 2015. Our net profit margin increased from approximately 9.7% for the year ended 31 March 2014 to approximately 26.1% for the year ended 31 March 2015. The increase in the net profit margin was mainly contributed by (i) the increase in revenue by HK$15.8 million; and (ii) the increase in other income and gains by approximately HK$21.5

million. The effect was partially offset by (i) the increase in other operating expenses by approximately HK$5.2 million; and (ii) the increase in staff costs by approximately HK$5.5 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows of our Group

The following table sets forth the selected cash flow data from the consolidated statements of cash flows for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net cash flows from operating activities	26,043	33,317	35,772	11,362	8,760
Net cash flows (used in)/from investing activities	(44,922)	18,345	86,977	51,375	17,899
Net cash flows from/(used in) financing activities	22,764	(46,211)	(118,585)	(53,938)	(11,839)
Net increase in cash and cash equivalents	3,885	5,451	4,164	8,799	14,820
Cash and cash equivalents at beginning of year/period	7,402	11,287	16,738	16,738	20,902
Cash and cash equivalents at end of year/period	11,287	16,738	20,902	25,537	35,722

Net cash flows from operating activities

Our net cash flows from operating activities was principally derived from the receipts from (i) rendering of elderly home care services; and (ii) sales of elderly home related goods and provision of health care services. Our operating expenses mainly comprised staff costs, property rental and related expenses, food and beverage costs and other operating expenses. During the Track Record Period, our net cash flows from operating activities represented profit before tax from both continuing operations and discontinued operations adjusted for Hong Kong profits tax paid, finance costs, interest income, dividend income, non-cash items and changes in working capital.

For the four months ended 31 July 2016, we had net cash flows from operating activities of approximately HK$8.8 million and profit before tax from continuing operations and discontinued operations of approximately HK$16.0 million and HK$1.2 million, respectively. Adjustments primarily included depreciation of property, plant and equipment in the amount of approximately HK$2.7 million, finance costs of approximately HK$1.3 million, and gain on disposal of non-current assets classified as held for sale, which was a warehouse, of approximately HK$8.6 million. Changes in working capital represented a net outflow of approximately HK$1.9 million of cash, primarily attributable to an increase in prepayments, deposits and other receivables of approximately HK$2.4 million. The increase in prepayments, deposits and other receivables was primarily due to the additional rental deposits of approximately HK$1.8 million placed for Pine Care Centre which tenancy agreement was previously signed between the landlord and Mr. Elson Yim. Since July 2016, the agreement was novated to our Group and additional rental deposit was paid for additional security to the landlord for this novation. The effect was partially offset by an increase in other payables and accruals of approximately HK$1.2 million, which was mainly resulted from an increase in receipt in advance of government grants by approximately HK$0.9 million. We paid Hong Kong profits tax and interests of approximately HK$0.6 million and HK$1.3 million, respectively, during the four months ended 31 July 2016.

For the year ended 31 March 2016, we had net cash flows from operating activities of approximately HK$35.8 million and profit before tax from continuing operations and discontinued operations of approximately HK$31.1 million and HK$1.7 million, respectively. Adjustments primarily included depreciation of property, plant and equipment in the amount of approximately HK$8.7 million, finance costs of approximately HK$4.8 million, and gain on disposal of financial assets at fair value through profit or loss of approximately HK$3.7 million. Changes in working capital represented a net outflow of approximately HK$0.1 million of cash, primarily attributable to an increase in prepayments, deposits and other receivables of approximately HK$2.4 million. The increase in prepayments, deposits and other receivables was primarily due to the additional rental deposits of approximately HK$1.8 million placed for Pine Care Place to be developed under the Pine Care Place Development Plan. The effect was partially offset by an increase in other payables and accruals of approximately HK$1.8 million, which was mainly resulted from an increase in receipt in advance of government grants by approximately HK$0.7 million and deposits received for individual customers by approximately HK$0.6 million. We paid Hong Kong profits tax and interests of approximately HK$5.8 million and HK$4.8 million, respectively, during the year ended 31 March 2016.

For the year ended 31 March 2015, we had net cash flows from operating activities of approximately HK$33.3 million and profit before tax from continuing operations and discontinued operations of approximately HK$48.6 million and HK$2.1 million, respectively. Adjustments primarily included fair value gain on investment properties of approximately HK$8.8 million, depreciation of property, plant and equipment in the amount of approximately HK$8.7 million, fair value gain on financial assets at fair value through profit or loss of approximately HK$6.6 million, finance costs of approximately HK$5.7 million, and gain on disposal of financial assets at fair value through profit or loss of approximately HK$4.7 million. Changes in working capital represented a net inflow of approximately HK$3.4 million of cash, primarily attributable to an increase in other payables and accruals of HK$1.4 million, a decrease in prepayments, deposits and other receivables of approximately HK$1.1 million, and an increase in trade payables of approximately HK$1.0 million. The increase in our other payables and accruals was primarily due to an increase in receipt in advance of government grants of approximately HK$1.0 million. The decrease in prepayments, deposits and other receivables was primarily due to the receipt of government grants receivables from the SWD of approximately HK$0.7 million in aggregate, subsidy in relation to Dementia Supplement which was incurred before the application made to the SWD. The increase in trade payables was primarily due to the increase in other operating expenses and purchases of our food and beverages, and supplies and consumables as reflected in the increase in our food and beverages costs, supplies and consumables and other operating expenses for the year ended 31 March 2015. We paid Hong Kong profits tax and interests of approximately HK$5.9 million and HK$5.7 million, respectively, during the year ended 31 March 2015.

For the year ended 31 March 2014, we had net cash flows from operating activities of approximately HK$26.0 million and profit before tax from continuing operations and discontinued operations of approximately HK$17.7 million and HK$1.0 million, respectively. Adjustments primarily included depreciation of property, plant and equipment in the amount of approximately HK$11.2 million, finance costs of approximately HK$5.9 million, and fair value loss on financial assets at fair value through profit or loss of approximately HK$3.1 million. Changes in working capital represented a net outflow of approximately HK$3.1 million of cash, primarily attributable by a decrease in other payables and accruals of approximately HK$5.5 million and a decrease in trade payables of approximately HK$2.1 million. The decrease in other payables and accruals was primarily due to the settlement of certain pre-existing other payables of approximately HK$4.4 million in relation to our acquisition of Manchester Rehabilitation during the year ended 31 March 2014. The decrease in trade payables was primarily due to more timely payments made to our suppliers. These cash outflows were partially offset by a decrease in trade receivables of approximately HK$3.4 million. The decrease in trade receivables was primarily due to earlier payments made by our customers. We paid interests and Hong Kong profits tax of approximately HK$5.9 million and HK$3.0 million, respectively, during the year ended 31 March 2014.

Net cash flows (used in)/from investing activities

Our cash used in investing activities mainly consisted of the purchases of property, plant and equipment, investment properties and various types of financial assets, such as unlisted unit trust funds, listed equity investments, insurance asset and structured financial products, and advances to shareholders and directors. Our cash flow from investing activities mainly represented proceeds from disposal of non-current assets classified as held for sale, investment properties and financial assets.

For the four months ended 31 July 2016, we had net cash inflows from investing activities of approximately HK$17.9 million, which was primarily due to (i) proceeds from disposal of non-current assets classified as held for sale in relation to a warehouse, of approximately HK$11.9 million; (ii) proceeds from disposal of financial assets at fair value through profit or loss of approximately HK$4.8 million due to our structured financial products matured in May 2016; and (iii) repayments from our Directors in the amounts of approximately HK$1.6 million.

For the year ended 31 March 2016, we had net cash inflows from investing activities of approximately HK$87.0 million, which was primarily due to (i) the proceeds from disposal of financial assets at fair value through profit or loss (i.e. listed equity investments) and available-for-sale investments (i.e. unlisted unit trust funds) of approximately HK$41.2 million and HK$13.8 million, respectively; (ii) proceeds from sales of one of the investment properties, which was a residential property, of approximately HK$25.3 million; and (iii) repayments from our Directors and Shareholders in the amounts of approximately HK$10.2 million and HK$4.0 million, respectively. These cash inflows were partially offset by the purchases of items of property, plant and equipment in the amount of HK$14.1 million mainly for the acquisition of a warehouse in Tsuen Wan.

For the year ended 31 March 2015, we had net cash inflows from investing activities of approximately HK$18.3 million, which was primarily due to (i) the proceeds from disposal of financial assets at fair value through profit or loss (i.e. listed equity investments and structured financial products) and available-for-sale investments (i.e. unlisted unit trust funds) of approximately HK$28.4 million and HK$11.4 million, respectively; and (ii) repayments from shareholders in the amount of approximately HK$5.1 million. These cash inflows were partially offset by (i) the purchases of items of property, plant and equipment in the amount of HK$11.8 million in aggregate mainly for the purchases of a staff dormitory in each of Tsz Wan Shan and Kwun Tong of an aggregate amount of approximately HK$8.8 million and the leasehold improvements for our care and attention homes of approximately HK$2.2 million; (ii) purchases of available-for-sale investments (i.e. unlisted unit trust funds) and financial assets at fair value through profit or loss (i.e. listed equity investments and structured financial products) in the amounts of approximately HK$10.0 million and HK$9.1 million; and (iii) advances made to our Directors of approximately HK$1.9 million.

For the year ended 31 March 2014, we had net cash used in investing activities of approximately HK$44.9 million, which was primarily due to (i) the purchases of financial assets at fair value through profit or loss (i.e. listed equity investments, insurance asset and structured financial products) and available-for-sale investments (i.e. unlisted unit trust funds) in the amounts of approximately HK$44.9 million and HK$14.7 million, respectively; (ii) advances to our Shareholders and Directors in the amounts of approximately HK$6.5 million and HK$5.7 million, respectively; (iii) purchases of investment properties in the amount of approximately HK$5.8 million mainly for the car parks; and (iv) purchases of items of property, plant and equipment in the amount of approximately HK$2.0 million mainly for the furniture, fixtures and other equipment for our care and attention homes. These cash outflows were partially offset by the proceeds from disposal of available-for-sale investments (i.e. unlisted unit trust funds) and financial assets at fair value through profit or loss (i.e. listed equity investments and structured financial products) in the amounts of approximately HK$5.2 million and HK$29.2 million, respectively.

Net cash flows from/(used in) financing activities

Our cash inflows from financing activities mainly consisted of proceeds from new bank loans for general working capital and mortgages of our investment properties and land and buildings for our operations and capital contributions by the then equity owners. Our cash used in financing activities mainly consisted of repayments of bank loans, dividends paid and repayment of amounts due to our Shareholders and Directors.

For the four months ended 31 July 2016, we had net cash used in financing activities of approximately HK$11.8 million, which primarily consisted of (i) repayment of bank loans of approximately HK$8.0 million; (ii) increase in prepayments for listing expenses of approximately HK$1.7 million; and (iii) repayment for the amount due to our Directors of approximately HK$6.1 million. The cash outflows were partially offset by proceeds from our new bank loans of approximately HK$4.0 million mainly for our Group's general working capital purposes.

For the year ended 31 March 2016, we had net cash used in financing activities of approximately HK$118.6 million, which primarily consisted of repayment of bank loans of approximately HK$62.1 million and dividends paid in the amount of approximately HK$54.6 million.

For the year ended 31 March 2015, we had net cash used in financing activities of approximately HK$46.2 million, which primarily consisted of repayment of bank loans of approximately HK$30.7 million and dividends paid in the amount of approximately HK$19.0 million. These cash outflows were partially offset by the drawing down of term loan of approximately HK$5.0 million for our Group's general working capital purposes.

For the year ended 31 March 2014, we had net cash inflows from financing activities of approximately HK$22.8 million, which primarily consisted of the proceeds from our new bank loans of the renewed banking facilities of approximately HK$56.3 million mainly for our Group's general working capital purposes and capital contributions by our then equity owners of approximately HK$4.0 million. These cash inflows were partially offset by repayment of bank loans as a result of the maturity of our Group's banking facilities of approximately HK$32.7 million and repayments to Shareholders in the amount of approximately HK$6.5 million.

Net current (liabilities)/assets

The table below sets forth the breakdown of our current assets and current liabilities as at 31 March 2014, 31 March 2015, 31 March 2016, 31 July 2016 and 30 November 2016.

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Current assets					
Non-current assets classified as held for sale	—	—	3,263	—	—
Investment properties classified as held for sale	—	22,500	14,050	14,050	—
Prepayments, deposits and other receivables	3,296	3,445	4,223	8,807	12,796
Inventories	163	172	—	—	—
Trade receivables	2,282	1,349	913	1,257	1,129
Financial assets at fair value through profit or loss	40,579	37,422	4,861	—	—
Due from directors	10,791	12,649	2,481	897	—
Due from shareholders	9,097	3,980	—	—	—
Tax recoverable	1,443	2,365	2,101	1,413	673
Cash and cash equivalents	11,288	17,992	17,268	34,217	32,015
	78,939	101,874	49,160	60,641	46,613
Assets of disposal groups classified as held of sale	—	—	27,252	25,166	—
Total current assets	78,939	101,874	76,412	85,807	46,613
Current liabilities					
Trade payables	1,010	2,051	2,241	1,894	1,531
Other payables and accruals	10,838	14,489	13,892	15,086	19,172
Dividend payable	—	2,359	—	—	—
Due to related companies	1,019	9	—	—	—
Due to directors	4,581	4,270	4,583	—	—
Due to shareholders	1,848	711	—	—	—
Interest-bearing bank and other borrowings	292,465	268,062	38,573	37,673	17,006
Tax payable	2,898	3,093	4,605	5,620	5,726
	314,659	295,044	63,894	60,273	43,435
Liabilities directly associated with the assets of disposal groups classified as held for sale	—	—	7,895	6,493	—
Total current liabilities	314,659	295,044	71,789	66,766	43,435
Net current (liabilities)/assets	(235,720)	(193,170)	4,623	19,041	3,178

Our total current assets as at 31 March 2014, 31 March 2015, 31 March 2016, 31 July 2016 and 30 November 2016 amounted to approximately HK$78.9 million, HK$101.9 million, HK$76.4 million, HK$85.8 million and HK$46.6 million, respectively, which primarily consisted of investment properties classified as held for sale, prepayments, deposits and other receivables, financial assets at fair value through profit or loss, due from directors, due from shareholders, assets of disposal groups classified as held for sale and cash and cash equivalents. Our total current liabilities as at 31 March 2014, 31 March 2015, 31 March 2016, 31 July 2016 and 30 November 2016 amounted to approximately HK$314.7 million, HK$295.0 million, HK$71.8 million, HK$66.8 million and HK$43.4 million, respectively, with other payables and accruals, due to directors, interest-bearing bank and other borrowings, and liabilities directly associated with the assets of disposal groups classified as held for sale being our major current liabilities components.

Our net current liability positions of approximately HK$235.7 million and HK$193.2 million as at 31 March 2014 and 31 March 2015, respectively, were mainly due to the repayment on demand clauses for our interest-bearing bank and other borrowings. The interest-bearing bank and other borrowings were raised for (i) our mortgage payments for our investment properties and land and buildings for our operations; and (ii) working capital loan for our operations.

Our net current liability position as at 31 March 2015 was approximately HK$193.2 million which decreased by approximately HK$42.6 million, as compared to our net current liability position of approximately HK$235.7 million as at 31 March 2014. Such decrease was primarily due to an increase in investment properties classified as held for sale and cash and cash equivalents by approximately HK$22.5 million and HK$6.7 million, respectively, and a decrease in current portion of interest-bearing bank and other borrowings by approximately HK$24.4 million, which was partially offset by an increase in other payables and accruals by approximately HK$3.7 million and the decrease in financial assets at fair value through profit or loss and due from shareholders by approximately HK$3.2 million and HK$5.1 million, respectively.

Our financial position returned to a net current asset position of approximately HK$4.6 million as at 31 March 2016. The net current asset position was primarily due to an increase in non-current assets classified as held for sale by approximately HK$3.3 million and a decrease in current portion of interest-bearing bank and other borrowings by approximately HK$229.5 million mainly resulting from the rescheduling of the repayment terms of certain bank borrowings which were classified as non-current liabilities as at 31 March 2016. For further details of bank borrowings, please refer to "Financial information — Indebtedness" in this prospectus. The effect was partially offset by the decrease in investment properties classified as held for sale, financial assets at fair value through profit or loss and due from directors by approximately HK$8.5 million, HK$32.6 million and HK$9.8 million, respectively.

Our net current asset position further increased to approximately HK$19.0 million as at 31 July 2016. The net current asset position was primarily due to an increase in cash and cash equivalents by approximately HK$16.9 million, and an increase in prepayments, deposits and other receivables by approximately HK$4.6 million. The effect was partially offset by a decrease in financial assets at fair value through profit or loss, due from directors, and non-current assets classified as held for sale by approximately HK$4.9 million, HK$1.6 million and HK$3.3 million, respectively.

Our net current asset position decreased to approximately HK$3.2 million as at 30 November 2016. The decrease in net current asset position was primarily due to the disposal of investment properties classified as held for sale by HK$14.1 million, decrease in assets and liabilities of disposal group classified as held for sale of approximately HK$18.7 million and decrease in cash and cash equivalents of approximately HK$2.2 million. The effect was partially offset by the increase in prepayments, deposits and other receivables by approximately HK$4.0 million and decrease in interest-bearing bank and other borrowings by approximately HK$20.7 million.

During the Track Record Period, we financed our non-current assets such as investment properties and our care and attention homes included in land and buildings under property, plant and equipment mainly with bank loans, which were long-term loans with specified repayment terms but subject to a repayment on demand clause. As a result of such clause, the bank borrowings were classified as current liabilities. However, we had not received any demand for early repayment of our bank loans during the Track Record Period. Hence, our net current liability position was resulted when our mortgaged properties were classified as investment properties and property, plant and equipment which were classified as non-current assets in the consolidated statements of financial position.

See "Financial information — Discussion of selected items of consolidated statements of financial position" for a discussion of various items of current assets and current liabilities.

Working capital sufficiency

Notwithstanding our net current liability position as at 31 March 2014 and 2015, our Directors believe that it is essential to manage our Group's cash flows effectively so as to ensure sufficiency of working capital and adequate liquidity for our business operations. Our Group manages our overall cash flow by setting up the following measures:

(i) **Monthly cashflow forecast** — Our Group prepares a monthly cash flow forecast in order to supervise our cash position for our operations. For any probable expansion opportunity, our Directors take into consideration our cash position and available banking facilities at the time prior to the acquisition of any new business and/or properties for our business.

(ii) **Management of our debt covenants** — Our banking facilities are bounded to certain financial covenants. Our Group will calculate the financial ratios monthly by referring to the monthly management accounts to ensure compliance with all of the debt covenants under the banking facilities. As at 31 March 2015, we had breached certain financial ratios in respect of certain banking borrowings whose respective debt covenants were subsequently removed in December 2015. For further details please refer to "Financial information — Indebtedness — Bank Borrowings — Debt Covenants".

(iii) **Management of banking facilities and gearing ratio** — We fund our properties, working capital and expansion plans by available banking facilities. Our Directors will closely monitor the gearing ratio and our utilised banking facilities at each month end and make the financing decision with reference to our business needs, our repayment ability and credit risk.

As at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, we had secured bank loans of approximately HK$292.3 million, HK$266.7 million, HK$198.5 million, HK$194.7 million and HK$183.4 million, respectively. Our secured bank loans were obtained for the purposes of financing (i) mortgage payments for properties held for occupation including the premises of some of our care and attention homes used in our operation, and properties held for investment including investment properties, investment properties classified as held for sale, and other land and buildings and investment properties included in assets of disposal groups classified as held for sale, and (ii) our working capital.

Amongst our total secured bank loans, our secured bank loans obtained for working capital were approximately HK$152.7 million, HK$138.6 million, HK$91.8 million, HK$93.8 million and HK$91.5 million as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, respectively.

Under the guidelines on property mortgage issued by Hong Kong Monetary Authority, it was suggested that the maximum loan-to-value ratio ("**Maximum LTV**") for commercial and industrial properties are capped at 40%, which means 40% of the acquisition cost of a property can be financed by a mortgage loan secured by pledging the acquired property. When our Directors consider acquiring properties for both properties held for occupation and properties held for investment, our Directors take the Maximum LTV as a benchmark and make sure that such loan-to-value ratio does not exceed the Maximum LTV.

The balances of secured bank loans obtained for financing our mortgage payments were approximately HK$139.6 million, HK$128.0 million, HK$106.7 million, HK$100.9 million and HK$91.9 million as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, respectively. The aggregate carrying values of our mortgaged properties were approximately HK$237.0 million, HK$240.8 million, HK$219.9 million, HK$215.0 million and HK$183.5 million as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, respectively.

As at 30 November 2016, market values of properties held for occupation were approximately HK$553.3 million, respectively. Our loan-to-market value ratio as at 30 November 2016 was approximately 16.6%.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any delay or default in bank loan repayments. We had demonstrated our repayment ability by making the repayments of bank loans of approximately HK$32.7 million, HK$30.7 million, HK$62.1 million and HK$8.0 million during each of three years ended 31 March 2016 and the four months ended 31 July 2016. Further, our Group raised approximately HK$56.3 million, HK$5.0 million and HK$4.0 million for two years ended 31 March 2015 and for the four months ended 31 July 2016, respectively. Our Directors believe that we had no difficulties in obtaining bank borrowings and other loan facilities in view of our credit history during the Track Record Period.

We had historically funded our liquidity and capital requirements primarily through a combination of bank and other borrowings, advances from related companies, directors and shareholders, and internal resources. We had net cash flows from operating activities of approximately HK$26.0 million, HK$33.3 million, HK$35.8 million and HK$8.8 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. We require cash primarily for general working capital needs and capital expenditures for opening and upgrading our care and attention homes in Hong Kong. As at 31 March 2014, 2015 and 2016 and 31 July 2016, we had cash and cash equivalents from continuing operations of approximately HK$11.3 million, HK$18.0 million, HK$17.3 million and HK$34.2 million, respectively.

We expect to finance our working capital requirements and the planned capital expenditures for the 12 months following the date of this prospectus with the following sources of funding:

(i) net cash inflows to be generated from our operating activities;

(ii) the cash and cash equivalents available, which were HK$32.0 million as at 30 November 2016, and available banking facilities; and

(iii) net proceeds to be received by our Group from the Share Offer.

Based on the above, our Directors believe that we will have sufficient funds for our present working capital requirements for at least the next 12 months from the date of this prospectus.

For more information on our expected capital expenditure requirements, please refer to the sub-section headed "Financial Information — Capital expenditure" of this prospectus.

DISCUSSION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Our property, plant and equipment consisted of leasehold improvements, furniture, fixtures and other equipment, motor vehicles and land and buildings. As at 31 March 2014, 2015 and 2016 and 31 July 2016, the carrying amount of our property, plant and equipment amounted to approximately HK$196.7 million, HK$199.8 million, HK$193.4 million and HK$190.8 million, respectively, representing approximately 61.0%, 65.9%, 81.3% and 81.2% of our Group's total non-current assets, respectively. Our land and buildings mainly represented five of our properties held for occupation for the purpose of providing elderly home centres services. As at 31 March 2014, 2015 and 2016 and 31 July 2016, the carrying amount of our land and buildings amounted to approximately HK$186.4 million, HK$190.2 million, HK$186.8 million and HK$185.1 million, respectively, representing approximately 94.8%, 95.2%, 96.6% and 97.0% of our Group's total property, plant and equipment, respectively.

Our property, plant and equipment increased by approximately HK$3.1 million or approximately 1.6%, from approximately HK$196.7 million as at 31 March 2014, to approximately HK$199.8 million as at 31 March 2015. The increase was primarily attributable to the purchases of a staff dormitory in each of Tsz Wan Shan and Kwun Tong, of approximately HK$8.8 million in aggregate and the increase in leasehold improvements of approximately HK$2.2 million for the minor renovation works for our care and attention homes. The effect was partially offset by the depreciation provided for the year of approximately HK$8.7 million. The carrying amount of our property, plant and equipment then decreased by approximately HK$6.4 million, or approximately 3.2% to approximately HK$193.4 million as at 31 March 2016. The decrease was primarily attributable to (i) the depreciation provided for the year of approximately HK$8.7 million; (ii) transfer of two staff dormitories to assets of disposal groups classified as held for sale of approximately HK$7.1 million; (iii) transfer of a warehouse to non-current assets classified as held for sale of approximately HK$3.3 million; and (iv) impairment loss on disposal groups classified as held for sale of approximately HK$1.4 million, which was partially offset by an increase in land and building of approximately HK$13.7 million, in relation to the acquisition of a premises in Tsuen Wan used by our Group as a warehouse. The carrying amount of our property, plant and equipment then decreased by approximately HK$2.5 million, or approximately 1.3% to approximately HK$190.8 million as at 31 July 2016. The decrease was primarily attributable to depreciation provided for the period of approximately HK$2.7 million.

Investment properties and investment properties classified as held for sale

Investment properties represented the properties held for investment, such as certain residential flats and car parks, held by our Group for generating rental income, while investment properties classified as held for sale represented those investment properties of which the carrying amount will be recovered principally through a sales transaction and we are committed to a plan to dispose of such investment properties and the sale is considered to be highly probable in the forthcoming year. Our investment properties amounted to approximately HK$51.9 million, HK$36.9 million, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. Our investment properties classified as held for sale amounted to approximately nil, HK$22.5 million, HK$14.1 million and HK$14.1 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The amount recorded was based on the fair value arrived at by two independent property valuers and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, respectively, and was accounted for in accordance with applicable accounting standards. The following table sets out the movements of our investment properties as at the dates indicated:

	As at 31 March			As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Carrying amount at beginning of year/period	45,885	51,900	36,900	—
Addition	5,755	—	—	—
Disposal	—	(1,300)	(5,200)	—
Fair value gain/(loss)	260	8,800	(1,840)	—
Assets included in assets of disposal groups classified as held for sale	—	—	(15,810)	—
Transfer to investment properties classified as held for sale	—	(22,500)	(14,050)	—
Carrying amount at end of year/period	51,900	36,900	—	—

Our investment properties decreased by approximately HK$15.0 million, or by approximately 28.9% from approximately HK$51.9 million as at 31 March 2014 to approximately HK$36.9 million as at 31 March 2015. The decrease was mainly due to the transfer of one of our residential properties of approximately HK$22.5 million to investment properties classified as held for sale which we planned to recover through a sales transaction. Such decrease was partially offset by the fair value gain of approximately HK$8.8 million as recognised in other income and gains for the year ended 31 March 2015. As such, our investment properties classified as held for sale was HK$22.5 million as at 31 March 2015. The residential property was sold to an Independent Third Party in May 2015.

We recorded no investment properties as at 31 March 2016 mainly due to (i) reclassification of certain residential properties of Giant Success to assets of disposal groups classified as held for sale of approximately HK$15.8 million; (ii) transfer of investment properties of approximately HK$14.1 million to investment properties classified as held for sale for the Reorganisation; (iii) disposal of certain car parks of approximately HK$5.2 million during the year; and (iv) fair value loss of approximately HK$1.8 million as recognised in other expenses for the year ended 31 March 2016. As such, our investment properties classified as held for sale was HK$14.1 million as at 31 March 2016 and 31 July 2016 due to the transfer of such properties to Giant Success for the Reorganisation. These transactions were completed in October 2016.

Valuation methodology

Under the relevant valuation standards, the property valuer considers to adopt the direct comparison approach as appropriate depending on the availability of the comparable properties. Properties are valued on the assumption that each of the properties can be sold in its existing state subject to existing tenancies or otherwise with the benefit of vacant possession. Where the direct comparison approach is adopted, the property valuer has considered the prices realised or current asking prices of selected comparable properties of similar size, character and location, and analysed and weighed against the advantages and disadvantages of each property in arriving at a fair value.

The property valuer has confirmed that the above key assumptions adopted by the property valuer is in accordance with the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors and/or the RICS Valuation — Professional Standards issued by Royal Institution of Chartered Surveyors. After reviewing the assumptions adopted by the property valuer, our Company and Directors consider the assumptions are made on a reasonable basis.

Assets of disposal groups classified as held for sale

As part of the Reorganisation, assets of disposal groups classified as held for sale mainly arose as a result of disposals of (i) the entire interests in Best Luck and Added Twist to Pine Care River, a company directly wholly owned by Pine Active Care, one of our Controlling Shareholders; and (ii) the entire interest in Giant Success to Pine Active Care. See "Appendix I — Accountants' Report — II. Notes to Financial Information — note 11" in this prospectus for further details of the assets and liabilities of Best Luck, Added Twist and Giant Success.

The principal business of Giant Success is property investment. The reason for the disposal of Giant Success by our Group was that the properties held by Giant Success were not principal assets of our Group and did not form part of and were not crucial to our Group's principal operations. The disposal of Giant Success was completed in August 2016 (i.e. after the Track Record Period). As at 31 July 2016, Giant Success had land and buildings and the investment properties of approximately HK$7.2 million and HK$15.8 million, respectively, and interest-bearing bank borrowings of approximately HK$6.0 million.

Goodwill

Our goodwill mainly arose as a result of our acquisitions of Ruby International and Gericare Centre in June 2010, being the excess of the consideration for the acquisitions over the fair value of the identifiable net assets acquired on the acquisition date.

Gericare Centre is the licence holder of (i) Pine Care (Po Tak) Elderly Centre; and (ii) Pine Care (Po Tak Branch) Elderly Centre with 194 and 140 residential care places, respectively. The premises used for Pine Care (Po Tak) Elderly Centre is owned by and leased to Gericare Centre by Ruby International. Our Directors expected that by acquiring Ruby International and Gericare Centre, our Group could enjoy higher operating efficiency and further secure our leading position as one of the largest RCHE private operators participating in the EBPS in Hong Kong through (i) increasing the number of residential care places participating in EBPS by 198 places and our total residential care places increased by 334 places; (ii) enhancing our bargaining power over suppliers and enjoying bulk purchase discounts, which was expected to reduce the overall costs of food and beverage, supplies and consumables; and (iii) enlarging our customer base by expanding our care and attention home network to New Territories.

Gericare Centre contributed revenue of approximately HK$43.4 million, HK$46.2 million, HK$48.2 million and HK$16.6 million to our Group for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 29.3%, 28.2%, 27.9% and 28.0% of our Group's revenue from continuing operations for such years/period, respectively. Pine Care (Po Tak Branch) Elderly Centre contributed approximately HK$18.3 million, HK$19.6 million, HK$20.3 million, and HK$7.0 million to our total revenue during the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 12.4%, 12.0%, 11.8% and 11.8% of our total revenue, respectively. Gericare Centre and Ruby International contributed an aggregate net profit of approximately HK$4.5 million, HK$4.0 million, HK$4.4 million and HK$1.6 million to our Group for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

In performing the impairment testing of goodwill, our Group compares the carrying amounts of the cash-generating units against their recoverable amounts. The recoverable amount of the cash-generating unit of Gericare Centre and Ruby International has been determined based on a value in use calculation using cash flow projections covering a five-year period approved by management of our Group and our management has taken into account the Early Termination when preparing the cash flow projections covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 13.0%. The cash flows of the cash-generating unit of Gericare Centre and Ruby International are projected using an annual growth rate of 12% during the five-year period. The cash flows beyond the five-year period are extrapolated using a growth rate of 3.0% which was below the long term average growth rate of the industry. Based on the cash flow projections, the recoverable amount of the cash-generating unit of Gericare Centre and Ruby International exceeds the carrying amount and the management of our Group is of the opinion that no impairment of goodwill was noted during the Track Record Period.

With all other variables held constant, the carrying amount of cash-generating unit would exceed the recoverable amount when either (a) the annual growth rate of cash flows of the cash-generating unit of Gericare Centre and Ruby International adopted in the cash flow projections during the five-year period is below 9.13%; or (b) the pre-tax discount rate applied to the cash flow projections of the cash-generating unit of Gericare Centre and Ruby International is above 13.46%.

As at 31 March 2014, 2015 and 2016 and 31 July 2016, the carrying amount of goodwill remained at approximately HK$33.8 million. No impairment has been made during the Track Record Period.

Available-for-sale investments

Our available-for-sale investments represented our purchase of unlisted unit trust funds. The available-for-sale investments amounted to approximately HK$14.4 million, HK$13.7 million, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The fair value loss was recognised as other comprehensive loss in the consolidated statements of comprehensive income and such loss amounted to approximately HK$0.4 million and HK$2.6 million for the two years ended 31 March 2015, respectively, and a fair value gain was recognised as other comprehensive income in the consolidated statements of comprehensive income and such gain amounted to approximately HK$2.4 million for the four months ended 31 July 2015 and the year ended 31 March 2016. During the Track Record Period, we recorded a gain on disposal as other income and gains of approximately HK$0.1 million and HK$1.6 million for the two years ended 31 March 2015, respectively, and disposal loss of approximately HK$1.1 million for the four months ended 31 July 2015 and the year ended 31 March 2016. The unlisted unit trust funds were all disposed of during the year ended 31 March 2016.

Our Company and Directors confirm that we currently do not have any intention to invest in unlisted unit trust funds after the Listing.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss represented our purchases of listed equity investments, a life insurance asset of which we are the beneficiary and the policy holder to insure a Director and structured financial products. The following sets out the breakdown of our financial assets at fair value through profit or loss as at the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Insurance asset	2,580	2,609	2,755	2,768
Structured financial products	9,718	4,900	—	—
	12,298	7,509	2,755	2,768
Current				
Listed equity investments	40,579	37,422	—	—
Structured financial products	—	—	4,861	—
	40,579	37,422	4,861	—
	52,877	44,931	7,616	2,768

The fair value of the insurance asset was recorded at approximately HK$2.6 million, HK$2.6 million, HK$2.8 million and HK$2.8 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The market value of our listed equity investments amounted to approximately HK$40.6 million, HK$37.4 million, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. All our listed equity investments were disposed of in the year ended 31 March 2016. Our structured financial products represented certain equity-linked investments we held. The fair value of structured financial products amounted to approximately HK$9.7 million, HK$4.9 million and HK$4.9 million as at 31 March 2014, 2015 and 2016, respectively. All the structured financial products were matured in May 2016. Thus, the amount decreased to nil as at 31 July 2016.

Our Company and Directors confirm that we currently do not intend to further invest in listed equity investments and structured financial products after the Listing.

Trade receivables

Our trade receivables primarily consisted of receivables from our customers for monthly residential fees for the elderly home care services rendered. Our monthly residential fees were generally collectible within a few days after the month of such services rendered, however, we offered a credit period of up to one month to our customers, including individual customers and those who participated in the EBPS.

The table below sets forth a summary of the aging analysis of trade receivables that were neither individually nor collectively to be impaired and average turnover days of our trade receivables for the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	1,938	1,141	675	426
Less than one month past due	97	160	140	345
One to three months past due	43	38	78	456
Over three months past due	204	10	20	30
	2,282	1,349	913	1,257
Average turnover days of trade receivables(1)	6	4	2	2

(1) Trade receivables turnover days are calculated by dividing the average trade receivables by revenue and multiplied by 365 days for each of the three years ended 31 March 2014, 2015 and 2016 and 122 days for the four months ended 31 July 2016. Average trade receivables are calculated by dividing by two the sum of trade receivables, net of bad and doubtful debts allowance, at the beginning of the period and trade receivables at the end of the period.

Our trade receivables decreased by approximately HK$0.9 million, or 40.9%, from HK$2.3 million as at 31 March 2014 to approximately HK$1.3 million as at 31 March 2015 and further decreased by approximately HK$0.4 million, or 32.3% to approximately HK$0.9 million as at 31 March 2016, which was primarily due to more timely payments made by our residents. Our trade receivables increased to approximately HK$1.3 million as at 31 July 2016 which was primarily resulted from the announcement for the upward revised residential fee paid by the SWD effective from April 2016. As at 31 March 2014, 2015 and 2016 and 31 July 2016, approximately HK$0.2 million, HK$50,000, HK$0.1 million and HK$0.5 million of our trade receivables were due over one month for which we had not provided for impairment loss. Such amount was not impaired because the counterparties did not have any historical default of payments.

Our trade receivables turnover days remained relatively stable at six days, four days, two days and two days as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

As at 30 November 2016, all of our trade receivables as at 31 July 2016 had been subsequently settled.

Prepayments, deposits and other receivables

The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Rental deposits	2,975	2,513	4,395	3,938
Prepayment for acquisition of property, plant and equipment	—	—	—	373
Deposit for acquisition of a property	—	370	—	—
Deposits for renovation works	7,332	6,215	—	—
	10,307	9,098	4,395	4,311
Current				
Prepayments	639	771	1,461	3,421
Rental deposits	315	1,092	1,149	3,494
Utility deposits	1,186	1,209	1,225	1,202
Other receivables	1,156	373	388	690
	3,296	3,445	4,223	8,807

Our deposits mainly comprised rental deposits, utility deposits and other deposits, and deposits paid for renovation and acquisition of a property.

Deposits

The following table sets forth the breakdown of our deposits as of the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Rental deposits				
— non-current	2,975	2,513	4,395	3,938
— current	315	1,092	1,149	3,494
	3,290	3,605	5,544	7,432
Deposits for renovation works	7,332	6,215	—	—
Deposit for acquisition of a property	—	370	—	—
Utility deposits	1,186	1,209	1,225	1,202
	11,808	11,399	6,769	8,634

Our total deposits decreased from approximately HK$11.8 million as at 31 March 2014 to approximately HK$11.4 million as at 31 March 2015 which was mainly due to the decrease in deposits for renovation by approximately HK$1.1 million as a result of amounts utilised for settlement for the renovation of our care and attention homes. The balance of deposits further decreased by approximately HK$4.6 million, or approximately 40.6% to approximately HK$6.8 million as at 31 March 2016, which was mainly due to the refund of the unutilised renovation deposits by Well Mount. The refund was mainly related to the deposit for the intended renovations for certain of our care and attention homes which was subsequently cancelled. The effect was partially offset by the increase in rental deposits by approximately HK$1.8 million mainly due to the deposit made for the Pine Care Place. The amount then increased by approximately HK$1.9 million or approximately 27.6% to approximately HK$8.6 million as at 31 July 2016. The increase was primarily attributable to an increase in rental deposit of approximately HK$1.0 million for Pine Care Centre mainly resulting from the novation of its tenancy agreement from Mr. Elson Yim to our Group and the additional rental deposit was paid for the additional security required by the landlord.

Prepayments

Our prepayments mainly comprised prepayments for insurance and listing expenses. The amount remained relatively stable at approximately HK$0.6 million as at 31 March 2014 and approximately HK$0.8 million as at 31 March 2015. The amount then increased to approximately HK$1.5 million as at 31 March 2016 mainly due to prepaid listing expenses of approximately HK$0.6 million. The amount then further increased by approximately HK$2.3 million or approximately 159.7% to approximately HK$3.8 million as at 31 July 2016. The increase was primarily attributable to the increase in prepaid listing expenses of approximately HK$2.4 million.

Other receivables

Our other receivables mainly comprised government grants from the Hong Kong Government. The amount decreased from approximately HK$1.2 million as at 31 March 2014 to HK$0.4 million as at 31 March 2015 due to government grants receivables of approximately HK$0.7 million as at 31 March 2014 from the HK Government as a result of the relevant staff costs incurred by us in relation to the hiring of specialised professionals of our residents with dementia or infirmary pursuant to Dementia Supplement before making application to the SWD for such government grants. After that, the related subsidy was received in advance and offset the related staff costs upon utilisation. Our other receivables then remained stable at approximately HK$0.4 million as at 31 March 2016. The amount then increased by approximately HK$0.3 million or approximately 77.8% to approximately HK$0.7 million as at 31 July 2016.

Amounts due from Directors and shareholders

Our amounts due from Directors amounted to approximately HK$10.8 million, HK$12.6 million, HK$2.5 million and HK$0.9 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The amounts mainly arose from advances to our Directors.

Our amounts due from shareholders amounted to approximately HK$9.1 million, HK$4.0 million, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The amounts represented the amounts due from the then shareholders of Prime Health.

All our amounts due from Directors and shareholders were unsecured, interest-free, had no fixed terms of repayment and were non-trade in nature. All the amounts due from shareholders were settled as at 31 March 2016; while the amounts due from Directors will be settled before Listing.

Trade payables

Our trade payables primarily consisted of payables for our purchases of food and beverages and supplies and consumables and our other operating expenses incurred. The payment terms granted to us by our suppliers were generally between 30 and 60 days based on the invoice date. The table below sets out an aging analysis of our trade payables, based on the invoice date, and our trade payables turnover days as at 31 March 2014, 2015 and 2016 and 31 July 2016.

	As at 31 March			As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Within one month	885	1,833	2,143	1,860
One to two months	122	204	17	5
Two to three months	1	2	70	—
Over three months	2	12	11	29
	1,010	2,051	2,241	1,894

The following table sets out the average trade payables turnover days for the period indicated:

	Year ended 31 March			Four months ended 31 July
	2014	**2015**	**2016**	**2016**
Average turnover days of trade payables(1)	32	19	30	28

(1) Trade payables turnover days are calculated by dividing average trade payables by the sum of food and beverage costs, supplies and consumables and other operating expenses multiplied 365 days for each of the three years ended 31 March 2014, 2015 and 2016 and 122 days for the four months ended 31 July 2016. Average trade payables are calculated by dividing by two the sum of trade payables at the beginning of the period and trade payables at the end of the period.

Our trade payables turnover days were 32 days, 19 days, 30 days and 28 days as at 31 March 2014, 2015, 2016 and 31 July 2016, respectively, which were in line with the credit period given by our suppliers.

As at 30 November 2016, all of our trade payables as at 31 July 2016 had been subsequently settled.

Other payables and accruals

The following tables set forth the breakdown of our other payables and accruals for the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables				
Rental deposits from investment properties	286	189	27	64
Deposits received for private bed residents portion	3,425	3,660	4,301	4,286
Receipt in advance of government grants	—	979	1,707	2,578
Payable to a former shareholder	305	—	—	—
Deposit received for the sale of an investment property	—	2,250	—	—
Decoration fee payables	521	—	—	—
IPO expenses payable	—	—	347	—
Others	439	506	444	717
	4,976	7,584	6,826	7,645
Accruals				
Accrued salaries and pension fund contribution	5,576	6,381	6,552	6,527
Accrued audit fee	286	524	514	914
	5,862	6,905	7,066	7,441
	10,838	14,489	13,892	15,086

Our other payables mainly represented deposits received from our residents and deposit received for the sale of an investment property. The amount increased from approximately HK$5.0 million as at 31 March 2014 to approximately HK$7.6 million as at 31 March 2015 mainly due to the deposits received of approximately HK$2.3 million for sale of an investment property classified as held for sale to an Independent Third Party which was subsequently completed in May 2015. Our other payables then decreased to approximately HK$6.8 million as at 31 March 2016 mainly due to the decrease in deposits received for the sale of investment property of approximately HK$2.3 million. The decrease was partially offset by the increase in receipt in advance of government grants of approximately HK$0.7 million from the HK Government. Our other payables further increased by approximately HK$0.8 million or approximately 12.0% to approximately HK$7.6 million as at 31 July 2016. The increase was primarily attributable to the increase in receipt in advance of government grants of approximately HK$0.9 million as a result of more government grants received from the HK Government for hiring specialised professionals for our residents with dementia or infirmary by our qualified centers.

Our accruals mainly represented accrued salaries and pension fund contributions to our staff. The amount increased from approximately HK$5.6 million as at 31 March 2014 to approximately HK$6.4 million as at 31 March 2015 and further increased to approximately HK$6.6 million as at 31 March 2016 mainly due to the increase in accrued salaries and pension fund contributions to our staff as a result of the increase in staff costs for the year. Our accruals then increased by approximately HK$0.4 million or approximately 5.3% to approximately HK$7.4 million as at 31 July 2016. The increase was primarily attributable to the increase in accrued audit fee of approximately HK$0.4 million.

Amounts due to related companies, directors and shareholders

Our amount due to related companies amounted to approximately HK$1.0 million, HK$9,000, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

Our amounts due to directors amounted to approximately HK$4.6 million, HK$4.3 million, HK$4.6 million and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

Our amounts due to the then shareholders of Prime Health amounted to approximately HK$1.8 million, HK$0.7 million, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

All our amounts due to related companies, directors and shareholders were unsecured, interest-free and had no fixed terms of repayment. All the amounts due to related companies and shareholders had been settled as at 31 March 2016. All the amounts due to directors, which are non-trade in nature, had been settled as at 31 July 2016.

CAPITAL EXPENDITURES

Our Group's capital expenditures principally consisted of additions of property, plant and equipment for our operations and investment properties. During the Track Record Period, our Group incurred capital expenditures of approximately HK$7.7 million, HK$11.8 million, HK$14.1 million and HK$0.2 million, for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, which were primarily resulted from leasehold improvements and office equipment for renovating our existing care and attention homes and purchase of investment properties. Since 31 July 2016 and up to the Latest Practicable Date, we did not have any material capital expenditures.

For the year ending 31 March 2017, we estimate to incur a total capital expenditures of approximately HK$14.0 million for the establishment of the Pine Care Place. For the year ending 31 March 2018, we estimate to incur a total capital expenditures of approximately HK$7.8 million for the establishment of the Pine Care Place and approximately HK$105.4 million for an acquisition of a property for the establishment of a new care and attention home.

To our Director's best estimation, additional depreciation for the two years ending 31 March 2018 is expected to be nil and approximately HK$2.5 million, respectively.

To our Directors' best estimation, capital expenditures on the acquisition of a property for the establishment of a new care and attention home will be approximately HK$96.4 million during the year ending 31 March 2018, comprising (i) the value of the property; (ii) the stamp duty; and (iii) commission and relevant miscellaneous expenses. We expect to incur an additional capital expenditure of approximately HK$9.0 million on renovating the new care and attention home.

On 30 November 2016, the applications for the upgrade from EA2 classification to EA1 classification of these three care and attention homes, namely Pine Care Centre, Pine Care (Tak Fung) Elderly Centre and Pinecrest Elderly Centre, were conditionally approved by the SWD. To our Directors' best estimation, we currently estimate that the total capital expenditure to be incurred for the Upgrade will be amounted to approximately HK$0.3 million for the year ending 31 March 2018 and no material additional depreciation is expected to be incurred for the year ending 31 March 2018.

Our Group's projected capital expenditures are subject to revision based on any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information. We did not have any capital commitment as at 31 July 2016.

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the Share Offer and our internal resources. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months from the date of this prospectus.

PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, had valued certain interests of our properties in Hong Kong as at 30 November 2016 and is of the opinion that the value was, in aggregate, HK$553.3 million, with the entire value attributable to us. The full text of the letter and the summary of valuation certificates with regard to such property interests are set forth in "Appendix III — Property Valuation" to this prospectus.

The statement below shows the reconciliation of aggregate amounts of certain properties as selected in our audited consolidated financial information as at 31 July 2016 as set forth in "Appendix I — Accountants' Report" to this prospectus with the valuation of these properties as at 30 November 2016 as set forth in "Appendix III — Property Valuation" to this prospectus.

	HK$'000
Net book value of the following properties as at 31 July 2016	
— Land and buildings included in property, plant and equipment	185,122
— Investment properties classified as held for sale	14,050
— Properties and investment properties included in assets of disposal groups classified as held for sale(Note 1)	22,931
	222,103
Movements during the period from 1 August 2016 to 30 November 2016(Note 2)	(38,624)
Net book value as at 30 November 2016	183,479
Net valuation surplus	369,821
Valuation of properties owned by our Group as at 30 November 2016 as set out in the property valuation report in Appendix III to this prospectus	553,300

Notes:

1. The amount comprised the land and buildings and investment properties held by Giant Success with a total carrying amount of approximately HK$7,121,000 and HK$15,810,000 respectively. Giant Success was disposed of by our Group to Pine Active Care, one of our Controlling Shareholders, in August 2016, See "History, Development and Reorganisation — Reorganisation Steps — Disposal of Giant Success to Pine Active Care and disposal of the Excluded Properties to Giant Success" of this prospectus for further details of the Reorganisation.

2. The amount comprised (i) the depreciation of land and buildings for the four months ended 30 November 2016 of approximately HK$1,643,000; (ii) the disposal of investment properties classified as held for sale with a total carrying amount of approximately HK$14,050,000; and (iii) the disposal of the land and buildings and investment properties held by Giant Success as mentioned in note 1 above with a total carrying amount of approximately HK$22,931,000.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

As lessor

As at 31 March 2014, 2015, 2016 and 31 July 2016, our Group had leased our car parking spaces and residential units under operating lease arrangements, with leases negotiated for term ranging from one to two years. We had total future minimum lease receivables under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	349	324	449	64
In the second to fifth year, inclusive	—	68	24	—
	349	392	473	64

As lessee

As at 31 March 2014, 2015, 2016 and 31 July 2016, our Group had commitments for future minimum lease payments in respect of our care and attention homes under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	9,578	7,974	11,696	13,584
In the second to fifth year, inclusive	25,967	18,197	16,219	33,365
After five years	—	—	—	6,919
	35,545	26,171	27,915	53,868

Capital commitments

As at 31 March 2014, 2015, 2016 and 31 July 2016, our Group had capital commitments which were not provided for in our consolidated financial information as at the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for:				
Land and buildings	—	12,570	—	—

INDEBTEDNESS

Bank and other borrowings

The following table sets out our bank and other borrowings as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016:

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current					
Bank loans — secured	—	—	160,023	157,097	166,429
Finance lease payables	200	60	—	—	—
	200	60	160,023	157,097	166,429
Current					
Bank loans — secured	292,336	266,668	38,513	37,555	17,006
Bank overdrafts — unsecured	1	1,254	—	118	—
Finance lease payables	128	140	60	—	—
	292,465	268,062	38,573	37,673	17,006
	292,665	268,122	198,596	194,770	183,435

The following table sets out the effective interest rates for our bank and other borrowings as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016:

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	%	%	%	%	%
Bank borrowings	1.01–4.00	1.03–4.00	1.04–3.24	1.04–3.24	1.08–3.28
Bank overdrafts	—	8.75	—	5.00	—
Finance lease payables	7.38	7.38	7.38	—	—

Bank loans

As at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, our bank loans consisted of (i) mortgage loans for financing mortgage payments for properties held for occupation including our care and attention home premises used in our operation, and other properties held for investment including investment properties, investment properties classified as held for sale, and other land and buildings and investment properties included in assets of disposal groups classified as held for sale; and (ii) working capital loans for our working capital.

The following table sets forth the breakdown of our bank borrowings by financing purposes as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016:

	As at 31 March						As at 31 July		As at 30 November	
	2014		2015		2016		2016		2016	
	Utilised	Unutilised	Utilised	Unutilised	Utilised	Unutilised	Utilised	Unutilised	Utilised	Unutilised
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mortgage loan	139,630	—	128,030	—	106,695	—	100,913	—	91,911	—
Working capital loan	152,706	26,918	138,638	48,591	91,841	81,100	93,740	76,782	91,524	76,900
	292,336	26,918	266,668	48,591	198,536	81,100	194,653	76,782	183,435	76,900

The following table sets forth the breakdown of our loans by maturity terms as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016:

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year or on demand	105,333	211,990	31,241	32,262	17,006
In the second year	28,796	10,926	22,908	22,300	69,611
In the third to fifth year, inclusive	110,003	20,677	81,444	81,880	43,359
Beyond five years	48,204	23,075	62,943	58,210	53,459
	292,336	266,668	198,536	194,652	183,435

The following table sets out the details of our assets pledged for our bank borrowings as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016:

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Land and buildings	186,443	181,409	190,028	185,122	183,479
Investment properties	50,600	59,400	29,860	29,860	—
Financial assets at fair value through profit or loss	46,723	37,231	7,616	2,768	2,768
Available-for-sale investments	9,627	8,112	—	—	—

Our bank loans are secured by mortgages over our land and buildings and investment properties, and pledges over our financial assets at fair value through profit or loss and our available-for-sale investments. Certain of our bank loans were jointly guaranteed by certain of our subsidiaries, while certain of our bank loans were guaranteed by a related company which is jointly controlled by Mr. Elson Yim and Ms. Mona Cho, both of whom are our executive Directors and Controlling Shareholders, as at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016. All guarantees provided by our related company will be fully released upon the Listing. All the bank loans were also guaranteed by personal guarantees provided by Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Mr. Lam Yat Hon, all of whom are our executive Directors, and Mr. Shek Kam Ming who is a director of one of our subsidiaries, which will be fully released upon the Listing. Mr. Shek Kam Ming was also appointed as our Director on 18 August 2015 but resigned as our Director on 30 April 2016 to streamline the structure of our Board.

Our bank loans were denominated in Hong Kong dollar. Our bank loans decreased from approximately HK$292.3 million as at 31 March 2014 to approximately HK$266.7 million as at 31 March 2015 and further decreased to approximately HK$198.5 million, HK$194.7 million and HK$183.4 million as at 31 March 2016, 31 July 2016 and 30 November 2016, respectively. In addition, our bank loans included in the liabilities directly associated with the assets of disposal groups classified as held for sale amounted to approximately HK$6.1 million, HK$6.0 million and nil as at 31 March 2016, 31 July 2016 and 30 November 2016, respectively. The decreasing trend was primarily due to our effort in reducing finance costs by repaying bank loans during the Track Record Period. During the year ended 31 March 2016, the repayment terms of our certain bank loans were rescheduled upon reviewing the continuation of the available banking facilities granted to us by our principal banks. For further details of bank borrowings, please refer to "Indebtedness — Debt covenants" of this section. As such, our current portion of bank loans was reduced to approximately HK$37.6 million and HK$17.0 million while our non-current portion of bank loans was significantly increased to approximately HK$157.1 million and HK$166.4 million as at 31 July 2016 and 30 November 2016, respectively.

As at 30 November 2016, we had aggregate banking facilities of approximately HK$260.3 million, of approximately HK$76.9 million was unutilised.

Debt covenants

During the Track Record Period, the relevant covenants for our secured bank loans imposed, among others, the conditions that our Group, as borrower, should fulfill from time to time in respect of our Group's financial condition and performance. For instance, (i) the loan amount of our Group should not exceed 40% to 90% of value of the assets pledged by our Group to secure the relevant bank loans; (ii) our earnings before interest, depreciation and amortisation to interest expense should not be less than three times; (iii) tangible net worth[*(Note)*] should not be less than HK$200.0 million (HK$100.0 million before 31 March 2015); and/or (iv) our Group's gearing ratio, being the total interest-bearing loan amount divided by the sum of tangible net worth[*(Note)*] and non-controlling interest, should be less than 1.5 times on the basis of consolidated accounts (3.4 times before 31 March 2015).

As at 31 March 2015, we did not comply with the debt covenants of tangible net worth under (iii) above and the gearing ratio under (iv) above in respect of certain bank borrowings with an aggregate carrying amount of HK$143.9 million which became repayable on demand and were included in the current liabilities. The relevant bank subsequently removed the aforementioned debt covenants in December 2015. During the

Note: The tangible net worth means the aggregate of the amount paid up or credited as paid up on the issued share capital (other than any redeemable share capital) of the company; and the capital and revenue reserves (including but not limited to the share premium account, revaluation and retained earnings, but after deducting from such sum of (i) goodwill and all other intangible assets; (ii) all minority interests in subsidiaries; (iii) all amounts set aside for tax; (iv) any dividend or other distribution declared/recommended; (v) the excess of the book value to the market value of the listed investments; (vi) any amount standing to the debit of the company's capital and reserves (including profit or loss); and (vii) any amount due from the shareholders, directors and/or related companies.

Track Record Period, our Directors regularly reviewed the compliance with the covenants and confirmed that, save as disclosed above, we were not aware of any other breach of covenants and we did not experience any difficulties in obtaining bank loans.

Obligations under finance lease

Our obligations under finance lease as at 31 March 2014, 2015 and 2016 and 31 July 2016 comprised primarily of finance leases for the purchases of our certain motor vehicles used for our operation. The finance lease was free of guarantee but secured by the relevant motor vehicles. Our finance leases were denominated in Hong Kong dollars and the effective annual interests rate during the Track Record Period was approximately 7.38%.

As at 30 November 2016, being the latest practicable date for determining our indebtedness, our Group's total indebtedness amounted to approximately HK$183.4 million, which consisted of secured and guaranteed bank loans. The effective interest rates of bank loans were approximately 1.08% to 3.28% per annum. We had unutilised banking facilities of approximately HK$76.9 million, which included terms granted for general working capital of our Group. There were no other material covenants relating to these outstanding indebtedness, save for those disclosed in the above paragraph. Our Directors confirm that there had been no material change in our indebtedness since 30 November 2016 up to the date of this prospectus.

Contingent liabilities

As at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, our Group provided guarantees in connection to banking facilities of approximately HK$20.9 million, HK$17.7 million, HK$19.0 million, HK$17.6 million and HK$25.5 million, respectively, which were granted to a related company jointly owned by Mr. Elson Yim and Ms. Mona Cho, both of whom are our Directors, which were utilised to the extent of approximately HK$19.9 million, HK$16.7 million, HK$18.0 million, HK$16.6 million and HK$24.5 million, respectively. The guarantees will be fully released upon Listing.

As at 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, our Group had contingent liabilities in respect of a bank guarantee in lieu of a deposit in favour of a landlord amounting to HK$588,000, HK$588,000, HK$682,000, HK$682,000 and HK$681,000, respectively.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the Latest Practicable Date, our Group did not have outstanding loan, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances trade receivables or acceptable credits, authorised debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees, material covenants, or other material contingent liabilities. As at the Latest Practicable Date, our Group did not have any external financing plans.

OFF-BALANCE SHEET ARRANGEMENT

Our Directors confirm that there has been no material off-balance sheet arrangement since 31 July 2016 to the date of this prospectus.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to us than those available to the Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios during the Track Record Period:

	As at/for the year ended 31 March			As at/for the four months ended 31 July	
	2014	2015	2016	2015	2016
Profitability ratios					
Net profit margin[1](%)	9.7	26.1	14.9	21.2	22.9
Return on equity[2](%)	21.4	48.8	40.4	N/A	51.9
Return on total assets[3](%)	3.6	10.6	9.0	N/A	13.8
Liquidity ratios					
Current ratio[4](times)	0.3	0.3	0.8	N/A	1.0
Quick ratio[5](times)	0.3	0.3	0.8	N/A	1.0
Capital adequacy ratios					
Gearing ratio[6](%)	439.3	301.6	317.9	N/A	247.9
Interest coverage ratio[7](times)	4.0	9.5	7.5	9.4	13.1

Notes:

(1) Net profit margin was calculated by dividing profit for the year/period from continuing operations by revenue and multiplying the resulting value by 100%. See "Financial Information — Review of historical results of operation" for more details on the fluctuations of our net profit margin.

(2) For the three years ended 31 March 2016, return on equity was calculated by dividing profit for the year/period from continuing operations by equity attributable to owners of the parent at the end of the respective years and multiplying the resulting value by 100%. For the four months ended 31 July 2016, the calculation return of equity is calculated by dividing profit for period from continuing operations by equity attributable to owners of the parent, multiplying 365/122, and then multiplying the resulting value by 100%.

(3) For the three years ended 31 March 2016, return on total assets was calculated by dividing profit for the year/period from continuing operations by the total assets excluding assets of disposal groups classified as held for sale at the end of the respective years and multiplying the resulting value by 100%. For the four months ended 31 July 2016, return on total assets is calculated by dividing profit for the period from continuing operations by the total assets excluding assets of disposal groups classified as held for sale as at 31 July 2016, multiplying 365/122 and then multiplying the resulting value by 100%.

(4) Current ratio was calculated based on the total current assets (excluding assets of disposal groups classified as held for sale) at the end of the year/period divided by the total current liabilities (excluding liabilities of disposal groups classified as held for sale) at the end of the respective year/period.

(5) Quick ratio was calculated based on the total current assets (excluding inventory and assets of disposal groups classified as held for sale) at the end of the year/period divided by the total current liabilities (excluding liabilities of disposal groups classified as held for sale) of the respective year/period.

(6) Gearing ratio was calculated based on the total debt at the end of the year/period divided by total equity at the end of the year/period. Total debt includes payables incurred not in the ordinary course of business (being interest-bearing bank and other borrowings, due to related companies, due to directors and due to shareholders).

(7) Interest coverage ratio was calculated by dividing profit before finance costs and tax from continuing operations by finance costs.

Return on equity

Our return on equity was approximately 21.4%, 48.8%, 40.4% and 51.9% for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

The increase in our return on equity for the year ended 31 March 2015 was primarily due to the increase in profit for the year from continuing operations for the year ended 31 March 2015 mainly resulting from the increase in revenue and other income and gains. The effect was partially offset by the increase in staff costs and other operating expenses.

The decrease in our return on equity for the year ended 31 March 2016 was primarily due to the decrease in profit for the year from continuing operations for the year ended 31 March 2016 mainly resulting from the decrease in other income and gains. The effect was partially offset by a reduction in equity as a result of payment of dividend.

The increase in our return on equity for the four months ended 31 July 2016 was primarily due to the increase in annualised profit for the period from continuing operations resulting from the increase in the annualised revenue and other income and gains. The effect was partially offset by the increase in listing expenses for the period.

Return on total assets

Our return on total assets was approximately 3.6%, 10.6%, 9.0% and 13.8% for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

The increase in our return on total assets for the year ended 31 March 2015 was primarily due to an increase in profit for the year from continuing operations for the year ended 31 March 2015 mainly resulting from the increases in revenue and other income and gains.

The decrease in our return on total assets for the year ended 31 March 2016 was primarily due to the decrease in profit for the year from continuing operations for the year ended 31 March 2016 mainly resulting from the decrease in other income and gains. The effect was partially offset by the decrease in total assets. The decrease in total assets was mainly due to the decreases in investment properties as a result of the Reorganisation, the disposal of available-for-sale investments and financial assets at fair value through profit or loss during the year ended 31 March 2016.

The increase in our return on total assets for the four months ended 31 July 2016 was primarily due to the increase in annualised profit for the period from continuing operations resulting from the increase in the annualised revenue and other income and gains. The effect was partially offset by the increase in listing expenses for the period.

Current ratio

Our current ratio was approximately 0.3, 0.3, 0.8 and 1.0 as at 31 March 2014, 2015 and 2016 as at 31 July 2016, respectively.

Our current ratios remained stable as at 31 March 2014 and 2015.

The increase in our current ratio as at 31 March 2016 was mainly due to the decrease in interest-bearing bank and other borrowings resulting from the rescheduling of the repayment terms of certain bank loans which were classified as non-current liabilities as at 31 March 2016. The effect was partially offset by the decreases in investment properties as a result of the Reorganisation, the disposal of available-for-sale investments and financial assets at fair value through profit or loss during the year ended 31 March 2016.

Our current ratio increased to 1.0 as at 31 July 2016. Such increase was mainly due to (i) the increase in cash and cash equivalents of HK$16.9 million as a result of proceeds from disposal of our non-current assets classified as held for sale i.e. the disposal of a warehouse; and (ii) cash receipts from operating activities during the period.

Quick ratio

We only held minimal inventory during the Track Record Period, accordingly, our quick ratio was the same as our current ratio.

Gearing ratio

Our gearing ratio was approximately 439.3%, 301.6%, 317.9% and 247.9% as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

The decrease in our gearing ratio as at 31 March 2015 was mainly due to the decrease in interest-bearing bank and other borrowings. The decrease in interest-bearing bank and other borrowings was mainly due to the repayment of bank loans of approximately HK$30.7 million during the year ended 31 March 2015.

The slight increase in our gearing ratio as at 31 March 2016 was mainly due to the decrease in equity. The decrease in equity was mainly due to the dividends paid in the amount of approximately HK$57.4 million during the year ended 31 March 2016. The effect was partially offset by the decrease in debts. The decrease in debts was mainly due to the repayment of bank loans of approximately HK$62.1 million during the year ended 31 March 2016.

The decrease in our gearing ratio as at 31 July 2016 was mainly due to the decrease in interest-bearing bank and other borrowings. The decrease in interest-bearing bank and other borrowings was mainly due to the net effect of the repayment of bank loans of approximately HK$8.0 million and new bank loan of HK$4.0 million during the four months ended 31 July 2016.

Interest coverage

Our interest coverage ratio was approximately 4.0, 9.5, 7.5 and 13.1 times for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

The increase in our interest coverage ratio for the year ended 31 March 2015 was primarily due to the increase in profit before finance costs and tax from continuing operations. The increase in profit before finance costs and tax from continuing operations was mainly resulting from the increases in revenue and other income and gains for the year ended 31 March 2015. The effect was partially offset by the increases in staff costs and other operating expenses for the year ended 31 March 2015.

The decrease in our interest coverage ratio for the year ended 31 March 2016 was primarily due to the decrease in profit before finance costs and tax from continuing operations and a decrease in finance costs during the period. The decrease in profit before finance costs and tax from continuing operations was mainly resulting from the decrease in other income and gains for the year ended 31 March 2016. The effect was partially offset by the decrease in finance costs for the year ended 31 March 2016. The decrease in finance costs was mainly due to the full year effect of the repayments of bank loans of approximately HK$30.7 million during the year ended 31 March 2015.

The increase in our interest coverage ratio for the four months ended 31 July 2016 was primarily due to the increase in profit before finance costs and tax from continuing operations and a decrease in finance costs during the period. The increase in profit before finance costs and tax from continuing operations was mainly resulting from the increase in the revenue and other income and gains. The decrease in finance costs was mainly resulting from the repayment of bank borrowings during the four months ended 31 July 2016. The effect was partially offset by the increase in listing expenses for the period.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as credit, equity price, interest rate and liquidity.

Details of the risks to which we are exposed are set out in note 40 to Accountants' Report as set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

The estimated total listing expenses primarily consist of underwriting commissions in addition to professional fees paid to the Sole Sponsor, our legal advisers and our reporting accountants for their services rendered in relation to the Share Offer. Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$0.66 per Offer Share, being the mid-point of our indicative Offer Price Range for the Share Offer as stated in this prospectus, the estimated total listing expenses in relation to the Listing will be approximately HK$28.1 million, of which approximately HK$1.0 million will be borne by the Selling Shareholder. The listing expenses in relation to the Listing to be borne by our Company are estimated to be approximately HK$27.1 million, of which approximately HK$1.6 million and approximately HK$4.9 million was recognised in our consolidated statement of profit or loss for the year ended 31 March 2016 and the four months ended 31 July 2016, respectively. Our Group expects to recognise approximately HK$10.1 million in the consolidated statement of profit or loss for the eight months ending 31 March 2017; while approximately HK$10.5 million is directly attributable to the issue of new Shares and is expected to be deducted against our Group's equity after the Listing. Accordingly, the financial results of our Group for the year ending 31 March 2017 are expected to be affected by the estimated listing expenses in relation to the Share Offer. The estimated listing expenses in relation to the Listing are subject to adjustments based on the actual amount incurred or to be incurred.

DIVIDENDS

During the Track Record Period, no dividend had been paid or declared by our Company. The dividends declared by Prime Health to its then shareholders was nil, approximately HK$21.3 million, HK$52.2 million and nil for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. On 6 September 2016, our Company declared a special dividend to Pine Active Care, one of our Controlling Shareholders, of approximately HK$25.6 million which will be settled by set-off against the amount due from Pine Active Care which was resulted from (i) the disposal of Giant Success by our Group to Pine Active Care for the consideration HK$17.1 million; and (ii) the subsequent disposal of the Excluded Properties of Grant Smart to Giant Success of net consideration of approximately HK$8.4 million (after netting off the related outstanding mortgage loan of approximately HK$5.6 million). See "History, Development and Reorganisation — Reorganisation Steps — Disposal of Giant Success to Pine Active Care and disposal of the Excluded Properties to Giant Success" in this prospectus for further details of the Reorganisation.

Our Group currently does not have a policy for future dividend payments. The declaration of dividends is subject to the discretion of our Board and, the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 18 August 2015 and is an investment holding company. There were no reserves available for distribution to our Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Share Offer on our net tangible assets as at 31 July 2016 as if it had taken place on 31 July 2016. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets as at 31 July 2016 or any future date following the Share Offer. It is prepared based on our net assets as at 31 July 2016 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountants' Report in Appendix I to this prospectus.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible assets of our Group as at 31 July 2016 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as follows:

	Consolidated net tangible assets of our Group attributable to owners of the parent as at 31 July 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the parent	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK$'000(note 1)	*HK$'000*(note 2)	*HK$'000*	*HK$*(notes 3 & 4)
Based on the low end of the Offer Price Range of HK$0.63 per Offer Share	44,734	110,840	115,574	0.18
Based on the high end of the Offer Price Range of HK$0.69 per Offer Share	44,734	123,345	168,079	0.19

Notes:

(1) The consolidated net tangible assets of our Group attributable to owners of the parent as at 31 July 2016 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of the parent as at 31 July 2016 of HK$78,567,000 with an adjustment for goodwill as at 31 July 2016 of HK$33,833,000.

(2) Estimated net proceeds from the Share Offer are based on 216,000,000 Shares to be issued under the Share Offer and the Offer Price of HK$0.63 to HK$0.69 per Offer Share, being the low end and the high end of the Offer Price Range, after deducting underwriting commissions and other estimated expenses expected to be incurred by our Group subsequent to 31 July 2016 in connection with the Share Offer, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the parent per Share is calculated based on 864,000,000 Shares expected to be in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 31 July 2016, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the parent does not take into account a special dividend of HK$25,561,000 declared by our Company to its then shareholder in September 2016. Had the special dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK$0.15 (assuming the Offer Price of HK$0.63 per Offer Share) and HK$0.16 (assuming the Offer Price of HK$0.69 per Offer Share), respectively.

(5) No adjustment has been made to the consolidated net tangible assets of our Group attributable to owners of the parent as at 31 July 2016 to reflect any trading results or other transactions of our Group entered into subsequent to 31 July 2016.

REASONS FOR THE LISTING

See "Future Plans and Use of Proceeds — Reasons for the Listing" of this prospectus for details.

NO MATERIAL ADVERSE CHANGE

Prospective investors should be aware of the impact of the listing expenses on the financial performance of our Group for the year ending 31 March 2017. Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in the financial or trading positions or prospects of our Group since 31 July 2016 (being the date of which our Group's latest audited financial information was made up as set out in the Accountants' Report in Appendix I to this prospectus) and there had been no event since 31 July 2016 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

OVERVIEW

Upon the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme), our Company will be held as to 70.00% by Pine Active Care. Pine Active Care is an investment holding company incorporated in BVI with limited liability and is owned as to 90.00% by Silverage Pine Care and 10.00% by Silverage Pillar. Silverage Pine Care is owned as to an aggregate of 74.26% by seven of the Silverage Pine Care Shareholders who are our Controlling Shareholders. The details of their shareholdings in Silverage Pine Care are as follows:

Name of Silverage Pine Care Shareholder	Shareholding percentage (approximately) %
Mr. Elson Yim *(Note 1)*	43.00
Mr. Alex Ng *(Note 2)*	9.90
Ms. Mona Cho *(Note 3)*	6.59
Mr. Billy Yim *(Note 4)*	6.37
Mr. Edwin Yim *(Note 5)*	0.18
Ms. Chu *(Note 6)*	7.49
Ms. Suen *(Note 7)*	0.73
Total	**74.26**

Notes:

1. Mr. Elson Yim is one of our executive Directors, one of the co-founders of our Group, chairman of our Board, the spouse of Ms. Mona Cho, and the father of Mr. Billy Yim and Mr. Edwin Yim.

2. Mr. Alex Ng is one of our non-executive Directors, one of the co-founders of our Group, and the spouse of Ms. Suen.

3. Ms. Mona Cho is one of our executive Directors, the spouse of Mr. Elson Yim and the mother of Mr. Billy Yim and Mr. Edwin Yim.

4. Mr. Billy Yim is one of our executive Directors, and our chief executive officer, a son of Mr. Elson Yim and Ms. Mona Cho, and a brother of Mr. Edwin Yim.

5. Mr. Edwin Yim is one of our executive Directors, a son of Mr. Elson Yim and Ms. Mona Cho, and a brother of Mr. Billy Yim.

6. Ms. Chu is a director of certain of our subsidiaries, and one of the members of our senior management.

7. Ms. Suen is the spouse of Mr. Alex Ng.

Silverage Pillar is owned as to an aggregate of 93.58% by Mr. Elson Yim and Mr. Alex Ng (comprising 74.86% by Mr. Elson Yim and 18.72% by Mr. Alex Ng).

Our Directors consider the aforesaid seven persons, by virtue of their relationships and/or shareholdings in Silverage Pine Care and/or Silverage Pillar, will be entitled to control the exercise of more than 30% of the voting power at general meetings of our Company upon the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme).

Accordingly, Pine Active Care, Silverage Pine Care, Silverage Pillar, Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Mr. Billy Yim, Mr. Edwin Yim, Ms. Chu and Ms. Suen will be regarded as a group of our Controlling Shareholders upon Listing.

ACTING IN CONCERT CONFIRMATION AND UNDERTAKING

On 7 September 2016, Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho entered into the Acting In Concert Confirmation And Undertaking, whereby they (i) confirmed that, since 1 April 2013, they have adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financial and the operations of our Group at the shareholder and board levels of each member company within our Group (where applicable), and have been given sufficient time and information to consider and discuss in order to reach consensus; and (ii) have undertaken that, upon the execution of the Acting In Concert Confirmation And Undertaking and during the period they (by themselves or together with their associates) remain in control of our Group until the Acting In Concert Confirmation And Undertaking is terminated by them in writing, they will maintain the above acting-in-concert relationship.

RULE 8.10 OF THE LISTING RULES

Save as disclosed below, each of our Directors and our Controlling Shareholders does not have any interest in a business apart from our Group's business which competes or is likely to compete, either directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

Relationship with World Pine

World Pine was a limited liability company established in the PRC on 8 December 2015 with a registered capital of RMB10,000,000 and a total investment of RMB14,000,000. The scope of business of World Pine as allowed under its business licence covers investment consulting service, elderly care consulting service, organisation of cultural programmes and activities for the elderly, health consulting service (excluding medical practice); leasing, wholesaling, import and export of household appliances, computers, electrical appliances, household sundries and related business (excluding financial leasing; commodities subject to quota and licensing regulated by the relevant national regulations); computer software development. World Pine was established for the purposes of exploration of opportunities in the elderly care business in Shenzhen, Guangzhou and Shanghai in the PRC. As at the Latest Practicable Date, World Pine was still in the process of identifying business opportunities and had not commenced business operations.

World Pine is owned as to 50% by each of Pine Care China HK and an Independent Third Party (the "**JV Partner**"). Pine Care China HK was incorporated in Hong Kong with limited liability on 9 September 2015 as an investment holding company. It is wholly owned by Pine Care China BVI which was incorporated in BVI with limited liability on 19 August 2015 as an investment holding company. Pine Care China BVI is wholly owned by Pine Active Care, one of our Controlling Shareholders.

The business of our Group covers residential care home operation for elderly in Hong Kong offering accommodation, meal provision, social work, nursing, personal care, physiotherapy and medical services, while it is currently intended that the business of World Pine shall focus on the provision of residential care services for the elderly in the PRC. Our Directors are of the view that there shall be a clear delineation between the business of our Group and the business of World Pine, and competition between the two businesses will be remote as further elaborated below:

(a) Geographical base

Currently, our Group is based in Hong Kong and operating nine care and attention homes in Hong Kong situated at Kwai Chung, Mong Kok, Kwun Tong, Tsz Wan Shan and Shau Kei Wan. A new care and attention home located in Yuen Long is expected to commence business operations in late 2017.

Currently, World Pine is still in the process of identifying business opportunities in the PRC and has not established any elderly home. World Pine shall be based in the PRC and it is currently intended that World Pine shall focus on the provision of residential care services for the elderly in the PRC.

(b) Customers

Since the RCHEs established and to be established by our Group are all located in Hong Kong, residents in our care and attention homes (including our individual customers and individuals arranged by the SWD for the places purchased under the EBPS) are Hong Kong residents due to geographical limitation. Whereas, the business of World Pine is intended to be carried out in the PRC and its customers will be PRC residents. Although our Group's new care and attention home, Pine Care Place, will be located in Yuen Long, New Territories, Hong Kong which is relatively close to the Hong Kong-China border, our target customers shall be those individuals living in Hong Kong who look for customised and quality services for the elderly.

(c) Suppliers

The major suppliers of our Group include suppliers of groceries, intermediaries referring professional and qualified staff and medical care product companies. It is expected that the suppliers of World Pine shall be of similar nature. However, it is unlikely that the purchase of consumables, food ingredients or fixtures (such as equipment) by World Pine will constitute any material competition of supplies available in the market with our Group mainly due to the fact that (i) our Group does not rely on any single supplier and is free to source supplies from a number of comparable suppliers; and (ii) common consumables and food ingredients are normally sourced from suppliers in Hong Kong in order to improve efficiency and monitor quality.

(d) Management

The board of directors of World Pine comprises four directors. Each of Pine Care China HK and the JV Partner has the right to nominate two directors. The chairman of the board of directors of World Pine shall be jointly nominated by Pine Care China HK and the JV Partner. Currently, the directors of World Pine include two members of our Board, namely Mr. Billy Yim and Mr. Chan Yip Keung. Currently, Mr. Billy Yim and Mr. Chan Yip Keung are involved in formulating the business strategies of World Pine with other members of the board of directors of World Pine. Thus, it is expected that the directorships of Mr. Billy Yim and Mr. Chan Yip Keung held in World Pine will not materially affect their management of our Group.

(e) Staff

World Pine and our Group shall have different operational personnel and staff. Our Group mainly recruits residents in Hong Kong while World Pine shall recruit residents in the relevant cities in the PRC.

Elderly homes in the PRC and RCHEs in Hong Kong are subject to different laws and regulations. Our Group recruits (i) health workers who are registered under the RCH(EP)R; (ii) registered nurses who are duly registered with the Nursing Council of Hong Kong and holders of valid practising certificate; (iii) enrolled nurses who are duly enrolled with the Nursing Council of Hong Kong and holders of valid practising certificate; (iv) physiotherapists who are registered with the Physiotherapists Board and holders of a valid practising certificate; and (v) social workers who are registered under the Social Workers Registration Ordinance. World Pine shall recruit qualified staff in accordance with the relevant laws and regulations in the PRC. As confirmed by Pine Care Active, our Controlling Shareholder, it has no current intention to engage any existing staff of our Group, either as employee, part-time staff or third-party service provider, to provide any service to World Pine and its business.

Right of first refusal in respect of the disposal of interest in World Pine

Pursuant to the Right of First Refusal Deed, if any of our Controlling Shareholders, Pine Care China BVI and Pine Care China HK (the "**Prospective Seller**") intends to dispose of its direct or indirect interest in World Pine to any third party other than our Company or our subsidiaries (the "**Prospective Buyer**"), our Company and/or our subsidiaries shall be offered a right of first refusal to acquire the said interest (the "**Selling Interests**") in which,

(a) the Prospective Seller shall, within 10 days, notify our Company of such offer or proposal in writing and offer the Selling Interests to the Company on the same or more favourable terms (the "**Offer**"), and shall provide the relevant information to our Company in order to enable it to make an informed assessment of such Offer; and

(b) except as otherwise provided by applicable laws and regulations, the Prospective Seller shall not sell, transfer, assign or dispose of the Selling Interests to the Prospective Buyer, unless (i) the Offer shall have been rejected by our Company and (ii) the principal terms of such sale, transfer, assignment or disposal are no more favourable than those of the Offer.

An Offer shall be or be deemed to be rejected by our Company if (i) a notice is received by the Prospective Seller from our Company confirming that the Offer is not accepted (the "**Non-acceptance Notice**"); or (ii) no Non-acceptance Notice is received by the Prospective Seller within 30 days after the Prospective Seller has made the Offer.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Notwithstanding that (i) Mr. Elson Yim has entered into the LOI in relation to the Possible Acquisition which is subject to the entering into of the Formal Agreement and which may or may not materialise (the details of which are set out in "History, Development and Reorganisation — Possible Acquisition after the Track Record Period" of this prospectus) in order to immediately crystalise the opportunity for our Group to acquire the Target Company in response to the Early Termination; and (ii) Mr. Elson Yim has paid HK$13,880,000 to Ms. Luk Ngai Ling Irene (acting as the agent of the Vendors) upon signing of the LOI as earnest money pursuant to the LOI, our Directors believe that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates in this regard since (i) it is in the best interests of our Company and our Shareholders as a whole for Mr. Elson Yim to enter into the LOI at the relevant time as we were and are still at the preliminary stage of evaluating the Possible Acquisition and the Formal Agreement in relation to the Possible Acquisition had not been entered into as at the Latest Practicable Date; (ii) the LOI was entered into to immediately crystalise the opportunity for our Group to acquire the Target Company in response to the Early Termination before our Group had a chance to conduct due diligence on the Target Company; (iii) the scale of the businesses operated by the Target Company under the Possible Acquisition as compared to that of our Group is not material; (iv) there is no undue reliance or financial dependence on Mr. Elson Yim by our Group as our Group has sufficient funds to settle the consideration for the Possible Acquisition by our internal resources. Furthermore, as at 31 July 2016, our Group had cash and cash equivalents of approximately HK$35.7 million and unutilised banking facilities of approximately HK$76.9 million; (v) Mr. Elson Yim has formally nominated Pine Care Elderly Home, our indirect wholly-owned subsidiary, to be the purchaser in relation to the Possible Acquisition; and (vi) Mr. Elson Yim has no intention to engage in any business which competes or is likely to compete, either directly or indirectly, with our Group's business, and following his nomination and the entering into of the MOU, Mr. Elson Yim will not be able to acquire the Target Company.

In addition, our Directors believe that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the Listing based on the following reasons:

Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The main function of our Board includes the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

Our Board consists of 12 Directors, comprising five executive Directors, three non-executive Directors and four independent non-executive Directors. Mr. Elson Yim, Ms. Mona Cho, Mr. Billy Yim and Mr. Edwin Yim are our executive Directors, while Mr. Alex Ng is our non-executive Director.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

We have an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies. Our Directors are satisfied that our senior management team will be able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as vendors, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Our Directors confirmed that our Group will not enter into any transaction with our connected persons and their close associates after the Listing that will affect our operational independence. Our Directors are of the view there is no operational dependence on our Controlling Shareholders and their respective close associates.

Financial independence

Our Group has our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payment and we make financial decisions according to our own business needs. Our accounting and finance personnel is responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns. During the Track Record Period, Giant Success, a subsidiary of Prime Health and currently a subsidiary of Pine Active Care (one of our Controlling Shareholders), had provided guarantees in connection with credit facilities provided by financial institutions to our Group. During the Track Record Period, (i) Mr. Elson Yim and Ms. Mona Cho (two of our Controlling Shareholders) had also provided guarantees (personally or via their jointly-controlled companies); and (ii) Mr. Alex Ng (one of our Controlling Shareholders) had also provided personal guarantee, in respect of certain credit facilities provided by financial institutions to our Group. We have received the relevant consents from all lenders with which our Group has arranged credit facilities to the effect that, all of the above-mentioned guarantee provided by our Controlling Shareholders will be released upon the Listing and our Company will become the guarantor for all credit facilities granted in favour of members of our Group upon Listing. Accordingly, we will not rely on any guarantees provided by our Controlling Shareholders or their respective close associates upon the Listing. During the Track Record Period, our Group had provided guarantees in relation to certain banking facilities granted to a related company jointly held by Mr. Elson Yim and Ms. Mona Cho (two of our

Controlling Shareholders). The guarantees will be fully released upon Listing. Save as disclosed above, our Directors confirmed that, as at the Latest Practicable Date, our Group did not provide any loans, guarantees or pledges to our Controlling Shareholders or their respective close associates.

Our Directors further believe that, upon the Listing, our Group will be capable of obtaining financing from external sources independently without the support of our Controlling Shareholders and their respective close associates.

Independence of major suppliers

Our Directors confirmed that, save as disclosed in "Business — Our suppliers — major suppliers" in this prospectus, none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

Independence of major customers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders as covenantors (each a "**Covenantor**", collectively, the "**Covenantors**") executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

1. Non-competition

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the day on which our Shares cease to be listed on the Main Board; (ii) the day on which the Covenantors and their close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly, or cease to be deemed as a Controlling Shareholder of our Company and cease to have power to control our Board; or (iii) the day on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company, he/she/it will not, and will use his/her/its best endeavours to procure his/her/its close associates (excluding our Company and our subsidiaries) not to, either on his/her/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise), or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business or activity which, directly or indirectly, competes or is likely to compete with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the business of provision of residential care services for the elderly in Hong Kong (the "**Restricted Business**").

The Deed of Non-Competition does not apply if the Covenantors and their associates in aggregate own any interest not exceeding 5% of the issued shares in any company conducting any Restricted Business (the "**Relevant Company**"), and the Relevant Company is listed on any recognised stock market (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time (the "**Business**"), provided that (i) the shareholding of any one holder (and his/her/its close associate, if applicable) in the Relevant Company is more than that of the Covenantors and their associates in aggregate at any time; (ii) the total number of the relevant Covenantors' representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/her/its shareholding in the Relevant Company; and (iii) the Covenantors and/or their respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of the Relevant Company or otherwise participate in or be involved in the management of the Relevant Company.

2. New business opportunity

If any Covenantor and/or his/her/its close associates is offered or becomes aware of any business opportunity which directly or indirectly engages in or owns a Restricted Business (the "**New Business Opportunity**"):

(a) the relevant Covenantor shall, within 10 days, notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and

(b) he/she/it shall not, and shall procure that his/her/its close associates not to, invest or participate in any project or New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/her/its close associates invest or participate in such project or New Business Opportunity are no more favourable than those made available to our Company.

A Covenantor may only engage, and shall procure his/her/its close associates only engage, in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Business (the "**Non-acceptance Notice**"); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from voting at, and shall not be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity (unless in certain circumstances as set out in the Articles of Association).

Our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor and/or his/her/its close associates or whether or not the New Business Opportunity constitutes competition with the Business and such decisions will be made by our Board (including our independent non-executive Directors). The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, each Covenantor undertakes that he/she/it will:

(a) in case of any actual or potential conflict of interest, abstain from voting at any meeting or part of any meeting convened to consider any New Business Opportunity (unless in certain circumstances as set out in the Articles of Association), and shall not be counted towards the quorum for such meeting;

(b) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;

(c) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by the Covenantor and/or his/her/its close associates was not taken up;

(d) ensure that our independent non-executive Directors shall make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the Listing Rules; and

(e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company (for ourselves and as trustee for our subsidiaries) against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Shares, as described in this prospectus; and (b) the Listing and dealings in the Shares on the Main Board taking place.

The Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group.

CONNECTED PERSONS

The following entities and persons (i) had entered into transactions with our Group during the Track Record Period; (ii) are having and are expected to continue to conduct transactions with our Group following the Listing; and (iii) will become connected persons of our Company under the Listing Rules following the Listing:

— Giant Success — Giant Success was incorporated in Hong Kong with limited liability on 27 June 2005. It was formerly an indirect wholly-owned subsidiary of our Company prior to the Reorganisation and is currently a subsidiary of Pine Active Care (one of our Controlling Shareholders). Giant Success is an investment holding company, currently holding certain residential properties in Hong Kong. As an associate of Pine Active Care, Giant Success will become our connected person under Chapter 14A of the Listing Rules upon the Listing.

— Added Twist — Added Twist was incorporated in Hong Kong with limited liability on 30 March 2005. It was formerly an indirect wholly-owned subsidiary of our Company prior to the Reorganisation and is currently a subsidiary of Pine Care River (a subsidiary of Pine Active Care, one of our Controlling Shareholders). Added Twist is principally engaged in the operation and management of a Chinese medical clinic. As an associate of Pine Active Care, Added Twist will become our connected person under Chapter 14A of the Listing Rules upon the Listing.

— Dr. Ho Chi Tim ("**Dr. Ho**") — Dr. Ho is a medical practitioner with full registration with the Medical Council of Hong Kong. Dr. Ho currently holds directorships in 19 of our subsidiaries. He was also appointed as our Director on 18 August 2015 but resigned as our Director on 30 April 2016 to streamline the structure of our Board, and to focus on his medical practice, the operation of Best Luck and his engagement as our visiting medical officer. As Dr. Ho holds directorships in our subsidiaries and ceased to be our Director recently on 30 April 2016, he will become our connected person under Chapter 14A of the Listing Rules upon the Listing.

— Best Luck — Best Luck was incorporated in Hong Kong with limited liability on 16 February 2000. It was formerly an indirect wholly-owned subsidiary of our Company prior to the Reorganisation and is currently a subsidiary of Pine Care River (a subsidiary of Pine Active Care, one of our Controlling Shareholders). Best Luck is principally engaged in the operation of the medical clinic of Dr. Ho Chi Tim. As an associate of Pine Active Care, Best Luck will become our connected person under Chapter 14A of the Listing Rules upon the Listing.

— Well Mount — Well Mount was incorporated in Hong Kong with limited liability on 12 January 2006, and is wholly-owned by Ms. Leu. Well Mount is engaged in (i) the business of renovation and decoration works, and (ii) the provision of health care agency and referral services under the trade name of "Hong Kai Professional Care Services Co". Well Mount, as a company wholly owned by Ms. Leu, will become our connected person under Chapter 14A of the Listing Rules upon the Listing.

CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM SHAREHOLDERS' APPROVAL, ANNUAL REVIEW AND ALL DISCLOSURE REQUIREMENTS

Our Group has entered into transactions with Giant Success, Added Twist, Dr. Ho, Best Luck and Well Mount, our connected persons, in our ordinary and usual course of business, which will continue after the Listing and hence, upon the Listing, will constitute continuing connected transactions under Chapter 14A of the Listing Rules. Set out below are summaries of such continuing connected transactions of our Group falling within the meanings of *de minimis* transactions under Rule 14A.76(1) of the Listing Rules, which are fully exempt from shareholders' approval, annual review and all disclosure requirements.

Tenancy agreements between Giant Success and our Group in relation to staff dormitories

Tenancy agreement between Giant Success and our Group in relation to staff dormitory in Kwun Tong

Pine Care Elderly Home, our indirect wholly-owned subsidiary, as tenant, has entered into the following tenancy agreement with Giant Success as landlord in relation to a staff dormitory in Kwun Tong ("**Tenancy Agreement 1**"), which will continue after the Listing:

Date:	16 August 2016
Tenant:	Pine Care Elderly Home
Landlord:	Giant Success
Location of property:	Flat C on 4th Floor, Yau Lee Building, Nos. 9–27 Yee On Street, Kwun Tong, Kowloon ("**Dormitory 1**")
Size of property (Saleable floor area):	Approximately 516 sq.ft.
Term:	20 months commencing from 1 August 2016 and expiring on 31 March 2018 (both days inclusive)
Annual rent payable:	HK$120,000 (exclusive of utilities and pumping charges)
Use of property:	Residential

Since April 2015, Dormitory 1 has been used by our Group as one of our staff dormitories. Having considered the rentals of comparable residential properties in the same location and the associated costs which our Group may incur if Dormitory 1 is replaced by another property let from an Independent Third Party, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue renting Dormitory 1 as one of our staff dormitories.

An independent valuer has reviewed the terms of the Tenancy Agreement 1 and is of the view that the rental charge for similar premises in similar location of Tenancy Agreement 1 is no less favourable than the prevailing market rate as at 31 July 2016, the review date.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, our rental expenses in relation to Dormitory 1 were nil, nil, HK$88,800 and HK$29,600, respectively.

Tenancy agreement between Giant Success and our Group in relation to staff dormitory in Tsz Wan Shan

Pine Care Elderly Home, as tenant, has also entered into the following tenancy agreement with Giant Success as landlord in relation to a staff dormitory in Tsz Wan Shan ("**Tenancy Agreement 2**"), which will continue after the Listing:

Date:	16 August 2016
Tenant:	Pine Care Elderly Home
Landlord:	Giant Success
Location of property:	Flat H on 18th Floor, Che Wah Building, No.8 Po Ying Lane, Tsz Wan Shan Kowloon ("**Dormitory 2**")
Size of property (Saleable floor area):	Approximately 420 sq.ft.
Term:	20 months commencing from 1 August 2016 and expiring on 31 March 2018 (both days inclusive)
Annual rent payable:	HK$120,000 (exclusive of utilities and pumping charges)
Use of property:	Residential

Since April 2015, Dormitory 2 has been used by our Group as one of our staff dormitories. Having considered the rentals of comparable residential properties in the same location and the associated costs which our Group may incur if Dormitory 2 is replaced by another property let from an Independent Third Party, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue renting Dormitory 2 as one of our staff dormitories.

An independent valuer has reviewed the terms of the Tenancy Agreement 2 and is of the view that the rental charge for similar premises in similar location of Tenancy Agreement 2 is no less favourable than the prevailing market rate as at 31 July 2016, the review date.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, our rental expenses in relation to Dormitory 2 were nil, nil, HK$88,800 and HK$29,600, respectively.

Implications under the Listing Rules

As Giant Success, our connected person, has been letting and will continue to let Dormitory 1 and Dormitory 2 to our Group following the Listing on normal commercial terms, the tenancies under Tenancy Agreement 1 and Tenancy Agreement 2 will constitute a continuing connected transaction for our Company after the Listing.

The estimated aggregate annual rentals to be paid by our Group to Giant Success under Tenancy Agreement 1 and Tenancy Agreement 2 for the two years ending 31 March 2018 are HK$259,200 (including refundable deposits of HK$40,000) and HK$240,000, respectively. As each of the applicable percentage ratios (other than the profits ratio) for the estimate aggregate annual amount payable by our Group to Giant Success in relation to Tenancy Agreement 1 and Tenancy Agreement 2 is less than 5% and the total consideration is less than HK$3,000,000, the tenancies under Tenancy Agreement 1 and Tenancy Agreement 2 will in aggregate constitute *de minimis* continuing connected transaction under Rule 14A.76(1)(c) of the Listing Rules exempt from shareholders' approval, annual review and all disclosure requirements. Our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules when conducting such transaction.

Tenancy agreement between Added Twist and our Group in relation to Chinese medical clinic in Tsz Wan Shan

Added Twist, as tenant, has entered into the following tenancy agreement with Grant Smart as landlord in relation to a Chinese medical clinic operated by Added Twist in Tsz Wan Shan ("**Tenancy Agreement 3**"), which will continue after the Listing:

Date:	18 August 2016
Tenant:	Added Twist
Landlord:	Grant Smart
Location of property:	Shop A, G/F, Manning Theatre Building, 1 Koon Wah Lane, Tsz Wan Shan, Kowloon ("**Clinic**")
Size of property (Saleable floor area):	Approximately 420 sq.ft.
Term:	20 months commencing from 1 August 2016 and expiring on 31 March 2018 (both days inclusive)
Annual rent payable:	HK$240,000 (exclusive of utilities and pumping charges)
Use of property:	Commercial

Since 1 February 2011, the Clinic has been used by Added Twist to operate a Chinese medical clinic. Our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue leasing the Clinic to Added Twist.

An independent valuer has reviewed the terms of Tenancy Agreement 3 and is of the view that the rental charge of Tenancy Agreement 3 is consistent with the prevailing market rate as at 31 July 2016.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, our rental income in relation to the Clinic were HK$240,000, HK$246,000, HK$276,000 and HK$92,000, respectively.

Implications under the Listing Rules

As Added Twist, our connected person, has been renting and will continue to rent the Clinic following the Listing on normal commercial terms, the tenancy under Tenancy Agreement 3 will constitute a continuing connected transaction for our Company after the Listing.

The estimated annual rentals to be paid by Added Twist to our Group under Tenancy Agreement 3 for the two years ending 31 March 2018 are HK$292,000 (including refundable deposits of HK$40,000) and HK$240,000, respectively. As each of the applicable percentage ratios (other than the profits ratio) for the estimate annual amount payable by Added Twist to our Group in relation to Tenancy Agreement 3 is less than 5% and the total consideration is less than HK$3,000,000, the tenancy under Tenancy Agreement 3 will constitute *de minimis* continuing connected transaction under Rule 14A.76(1)(c) of the Listing Rules exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1)(c) of the Listing Rules. Our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules when conducting such transaction.

Provision of visiting medical services by Dr. Ho to our Group

From March 2001 to 30 April 2016, Dr. Ho was employed by our Group as our visiting medical officer to provide visiting medical services (the "**Services**"). Dr. Ho is a medical practitioner with full registration with the Medical Council of Hong Kong.

Pine Care Elderly Home, our indirect wholly-owned subsidiary, entered into a service agreement with Dr. Ho on 21 March 2016 in relation to the provision of the Services to seven of our care and attention homes, namely Pine Care Centre, Pine Care (Tak Fung) Elderly Centre, New Pine Care Centre, Pinecrest Elderly Centre, Pine Care (Manning) Elderly Centre, Pine Care (Lee Foo) Elderly Centre and Pine Care Hong Fai Elderly Centre for a term commencing from 1 April 2016 and ending on 31 March 2019. Since his resignation as our Director on 30 April 2016, Dr. Ho has been treated by our Group as a contractor in relation to his provision of the services under the existing service agreement. The service fees payable by Pine Care Elderly Home for the three years ending 31 March 2019 will be HK$720,000, HK$756,000 and HK$793,800 respectively.

It is currently expected that, upon the commencement of business of Pine Care Place, which has been scheduled for September 2017, our Group will engage Dr. Ho to provide the Services to Pine Care Place. Based on the service fees payable by our Group to Dr. Ho under the existing service agreement, our Directors estimate that the service fees payable by our Group in respective of the Services at Pine Care Place for the two years ending 31 March 2019 will be HK$42,000 and HK$84,200 respectively.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, the salary and/or visiting medical service fees we paid to Dr. Ho in relation to his provision of the Services were approximately HK$514,800, HK$551,100, HK$660,000 and HK$240,000, respectively.

Implications under the Listing Rules

As (i) Dr. Ho, our connected person, has been providing and will continue to provide the Services to our Group following the Listing; and (ii) our Group intends to engage Dr. Ho to provide the Services for our Pine Care Place upon its commencement of business, on normal commercial terms, the provision of the Services and those to our Pine Care Place by Dr. Ho to our Group will constitute a continuing connected transaction for our Company after the Listing.

The estimated annual visiting medical service fees to be paid by our Group to Dr. Ho in relation to his provision of the Services for the three years ending 31 March 2019 are HK$720,000, HK$798,000 and HK$878,000, respectively. As each of the applicable percentage ratios (other than the profits ratio) for the estimate aggregate annual amount payable by our Group to Dr. Ho is less than 5% and the total consideration is less than HK$3,000,000, the provision of the Services by Dr. Ho to our Group will constitute *de minimis* continuing connected transaction under Rule 14A.76(1)(c) of the Listing Rules exempt from shareholders' approval, annual review and all disclosure requirements. Our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules when conducting such transaction.

Provision of medicines by Best Luck to residents of our Group

In connection with the Services, Dr. Ho may prescribe medicines to our residents from time to time. To facilitate the payment for the medicines by our residents, Pine Care Elderly Home and Besting Holdings, our subsidiaries operating the relevant care and attention homes, pay to Best Luck, the operating company for the clinic of Dr. Ho for the medicines on behalf of our residents as disbursements, without any additional charge on the part of our Group. Our Directors confirm that such arrangement is solely for administrative purpose, and our Group does not generate any revenue or profit from the arrangement.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, our Group paid approximately HK$379,535, HK$343,665, HK$337,255 and HK$140,255, respectively, for the purchase of the medicines from Best Luck.

Implications under the Listing Rules

As our Group will continue to engage Dr. Ho to provide the Services following the Listing, and our subsidiaries will continue to purchase the medicines from Best Luck, the purchase of medicines from Best Luck will constitute a continuing connected transaction for our Company after the Listing.

Based on the annual amounts paid by our Group to Best Luck in relation to the purchase of the medicines by our Group during the Track Record Period and the experience of our Directors in taking care of residents, the transaction amount relates mainly to the number of residents in our care and attention homes, the persistent health condition of residents and the illness prevailing in different seasons in Hong Kong. Our Directors estimate that the annual amounts payable by our Group to Best Luck in relation to the purchase of the medicines for the residents in our existing seven care and attention homes (under the Services) and Pine Care Place (upon its commencement of business) for the three years ending 31 March 2019 will be HK$400,000, HK$436,000 and HK$475,000 respectively.

As each of the applicable percentage ratios (other than the profits ratio) for the estimate aggregate annual amount payable by our Group to Best Luck is less than 5% and the total consideration is less than HK$3,000,000, the provision of medicines by Best Luck to our Group will constitute *de minimis* continuing connected transaction under Rule 14A.76(1)(c) of the Listing Rules exempt from shareholders' approval, annual review and all disclosure requirements. Our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules when conducting such transaction.

Referral of health workers and care workers by Well Mount

Well Mount is engaged in the provision of health care agency and referral services under the trade name of "Hong Kai Professional Care Services Co".

During the Track Record Period, our Group had engaged Well Mount to refer health workers and care workers to work at our care and attention homes on a part-time basis, in order to fulfill the staffing requirements under the RCH(EP)R, the RCHE Code of Practice and the EBPS applicable to our care and attention homes from time to time ("**Referral Service**").

Having considered the service charges and the hourly rates of the health workers and care workers quoted by other service providers which are Independent Third Parties, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue engaging Well Mount in the provision of the Referral Service.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, the service charges paid by our Group to Well Mount in relation to the Referral Service were HK$170,000, HK$1,831,528, HK$433,418 and nil, respectively.

Implications under the Listing Rules

As Well Mount, our connected person, will continue to provide the Referral Service to our Group following the Listing, the Referral Service will constitute a continuing connected transaction for our Company after the Listing.

It is currently expected that the annual service charges to be paid by our Group to Well Mount for the Referral Service for the three years ending 31 March 2019 will not be more than the maximum annual service charges paid by our Group to Well Mount during the Track Record Period (i.e. HK$1,831,528). As each of the applicable percentage ratios (other than the profits ratio) for the estimate annual amount payable by our Group to Well Mount in relation to the Referral Service is less than 5% and the total consideration is less than HK$3,000,000, the Referral Service will constitute *de minimis* continuing connected transaction under Rule 14A.76(1)(c) of the Listing Rules exempt from shareholders' approval, annual review and all disclosure requirements. Our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules when conducting such transaction.

DISCONTINUED CONNECTED TRANSACTIONS

Renovation works carried out by Well Mount in respect of our care and attention homes

During the Track Record Period, our Group has engaged Well Mount in respect of renovation works carried out at certain of our care and attention homes. Before the Track Record Period, our Group had placed a total deposit of approximately HK$13.8 million with Well Mount. During the year ended 31 March 2014, approximately HK$9.3 million of the said deposit was utilised for the refurbishment of Pine Care (Tak Fung) Elderly Centre.

As our Group intended to renovate certain of our care and attention homes, our Group placed an additional deposit of HK$2.8 million with Well Mount during the year ended 31 March 2014. During the year ended 31 March 2015, approximately HK$1.1 million of the said deposit was utilised for the settlement of some minor renovation and improvement works carried out at certain of our care and attention homes during the year ended 31 March 2015.

Due to the cancellation of the intended renovation plan, the remaining unutilised deposits of approximately HK$6.2 million was fully refunded to us by Well Mount following the cancellation of our renovation plan in November 2015.

SHARE CAPITAL

The share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer will be as follows:

Authorised:

		HK$
5,000,000,000	Shares of HK$0.01 each	50,000,000

Assuming the Over-allotment Option is not exercised at all (and without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme), our Company's issued share capital immediately following completion of the Capitalisation Issue and the Share Offer will be as follows:

Issued or to be issued, fully paid or credited as fully paid:

1	Share in issue as at the Latest Practicable Date	0.01
647,999,999	Shares to be issued pursuant to the Capitalisation Issue	6,479,999.99
216,000,000	Shares to be issued pursuant to the Share Offer	2,160,000.00
864,000,000	Shares	8,640,000.00

Assuming the Over-allotment Option is exercised in full (and without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme), our Company's issued share capital immediately following completion of the Capitalisation Issue and the Share Offer will be as follows:

Issued and to be issued, fully paid or credited as fully paid:

		HK$
1	Share in issue as at the Latest Practicable Date	0.01
647,999,999	Shares to be issued pursuant to the Capitalisation Issue	6,479,999.99
216,000,000	Shares to be issued pursuant to the Share Offer	2,160,000.00
38,880,000	Shares to be issued upon exercise of the Over-allotment Option in full	388,800.00
902,880,000	Shares	9,028,800.00

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(b) of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares will rank pari passu in all respects with all Shares currently in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus save for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. See "Statutory and General Information — D. Share Option Scheme" in Appendix V to this prospectus for a summary of its principal terms.

GENERAL MANDATES GRANTED TO OUR DIRECTORS

Subject to the Share Offer becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. See "Statutory and General Information — A. Further information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 January 2017" in Appendix V to this prospectus for further details of such general mandates.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, see "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix IV to this prospectus for further details.

So far as our Directors are aware, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	**Capacity/nature of interest**	**Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer** *(Note 1)*	**Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer**
Pine Active Care	Beneficial owner *(Note 2)*	604,800,000 (L)	70%
Silverage Pine Care	Interest in a controlled corporation *(Note 2)*	604,800,000 (L)	70%
Silverage Pillar	Interests held jointly with another *(Notes 2, 3, 4, 5)*	604,800,000 (L)	70%
Mr. Elson Yim	Interest in controlled corporation *(Note 2)*/ Interests held jointly with another *(Notes 3, 4)*	604,800,000 (L)	70%
Ms. Mona Cho	Interests held jointly with another *(Notes 3, 4)*/ Interest of spouse *(Note 6)*	604,800,000 (L)	70%
Mr. Alex Ng	Interests held jointly with another *(Notes 3, 4)*	604,800,000 (L)	70%
Ms. Suen	Interests held jointly with another/Interest of spouse *(Notes 4, 7)*	604,800,000 (L)	70%
Mr. Billy Yim	Interests held jointly with another *(Note 4)*	604,800,000 (L)	70%
Ms. Cheung Sui Wa Scarlett	Interest of spouse *(Note 8)*	604,800,000 (L)	70%

Name	Capacity/nature of interest	Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Mr. Edwin Yim	Interests held jointly with another *(Note 4)*	604,800,000 (L)	70%
Ms. Lock Hiu Yan Crystal. . .	Interest of spouse *(Note 9)*	604,800,000 (L)	70%
Ms. Chu	Interests held jointly with another *(Note 4)*	604,800,000 (L)	70%
Mr. Cheung Hung Leung. . .	Interest of spouse *(Note 10)*	604,800,000 (L)	70%
Yada International (HK) Limited	Beneficial owner *(Note 11)*	85,536,000 (L)	9.9%
Yada International Holdings Limited	Interest in a controlled corporation *(Note 11)*	85,536,000 (L)	9.9%
Beijing Harmony Growth Investment Center LP* (北京和諧成長投資中心(有限合夥))	Interest in a controlled corporation *(Note 11)*	85,536,000 (L)	9.9%
Beijing Harmony Tiancheng Investment Management Center LP* (北京和諧天成投資管理中心(有限合夥))	Interest in a controlled corporation *(Note 12)*	85,536,000 (L)	9.9%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 70% by Pine Active Care immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). Pine Active Care is owned as to 90% by Silverage Pine Care and Silverage Pine Care is owned as to approximately 43% by Mr. Elson Yim. Under the SFO, Silverage Pine Care and Mr. Elson Yim are deemed to be interested in the same number of Shares held by Pine Active Care.

3. Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho are persons acting in concert pursuant to the Acting In Concert Confirmation And Undertaking and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, each of Mr. Elson Yim,

Mr. Alex Ng and Ms. Mona Cho confirmed that, since 1 April 2013, they have adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financial and the operations of our Group at the shareholder and board levels of each member company within our Group (where applicable), and will continue to do so.

4. See "Relationship with Controlling Shareholders — Overview" for details of the relationships among Mr. Elson Yim, Ms. Mona Cho, Mr. Alex Ng, Ms. Suen, Mr. Billy Yim, Mr. Edwin Yim and Ms. Chu.

5. Pine Active Care is owned as to 10% by Silverage Pillar, which in turn is owned as to an aggregate of 93.58% by Mr. Elson Yim and Mr. Alex Ng. Together with Silverage Pine Care, Silverage Pillar is entitled to control the exercise of 30% or more of the voting power at general meetings of our Company.

6. Ms. Mona Cho is the spouse of Mr. Elson Yim. Under the SFO, Ms. Mona Cho is deemed to be interested in the same number of Shares in which Mr. Elson Yim is interested.

7. Ms. Suen is the spouse of Mr. Alex Ng. Under the SFO, Ms. Suen Mi Lai Betty is deemed to be interested in the same number at Shares in which Mr. Alex Ng is interested.

8. Ms. Cheung Sui Wa Scarlett is the spouse of Mr. Billy Yim. Under the SFO, Ms. Cheung Sui Wa Scarlett is deemed to be interested in the same number of Shares in which Mr. Billy Yim is interested.

9. Ms. Lock Hiu Yan Crystal is the spouse of Mr. Edwin Yim. Under the SFO, Ms. Lock Hiu Yan Crystal is deemed to be interested in the same number of Shares in which Mr. Edwin Yim is interested.

10. Mr. Cheung Hung Leung is the spouse of Ms. Chu. Under the SFO, Mr. Cheung Hung Leung is deemed to be interested in the same number of Shares in which Ms. Chu is interested.

11. Yada International (HK) Limited is one of our cornerstone investors. Yada International (HK) Limited is wholly-owned by Yada International Holdings Limited, which is in turn owned as to 40% by Beijing Harmony Growth Investment Center LP. See "Cornerstone Investors — The Cornerstone Investors — Yada HK" of this prospectus for details of Yada International (HK) Limited.

12. Beijing Harmony Tiancheng Investment Management Centre LP is the general partner of Beijing Harmony Growth Investment Center LP.

Save as disclosed herein, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of 12 Directors, comprising five executive Directors, three non-executive Directors and four independent non-executive Directors. Our senior management consists of the head of human resources and two nursing directors of our Group. The following table sets forth certain information in respect of our Directors and senior management:

Name	Age	Present position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Directors						
Mr. Yim Ting Kwok (嚴定國先生)	67	Chairman of our Board and executive Director	18 August 2015	6 July 1989	Formulating business strategies and managing the business operations of our Group; overseeing the general performance of our Group.	Spouse of Ms. Mona Cho and father of Mr. Billy Yim and Mr. Edwin Yim *(Note)*
Ms. Cho Wing Yin (曹詠妍女士)	66	Executive Director	18 August 2015	16 September 1994	The administration affairs of our Group.	Spouse of Mr. Elson Yim and mother of Mr. Billy Yim and Mr. Edwin Yim *(Note)*
Mr. Yim Billy Pui Kei (嚴沛基先生)	39	Chief executive officer of our Group and executive Director	18 August 2015	4 May 2009	Formulating business strategies and managing the business operations of our Group; overseeing the general performance of our Group.	Son of Mr. Elson Yim and Ms. Mona Cho and brother of Mr. Edwin Yim *(Note)*
Mr. Yim Edwin Pui Hin (嚴沛軒先生)	29	Head of operations of our Group and executive Director	18 August 2015	20 June 2011	Overseeing the daily operation of our care and attention homes.	Son of Mr. Elson Yim and Ms. Mona Cho and brother of Mr. Billy Yim *(Note)*
Mr. Chan Yip Keung (陳業強先生)	33	Chief financial officer of our Group and executive Director	30 April 2016	16 April 2015	Responsible for the finance and accounting matters and cost control measures of our Group.	Nil
Mr. Ng Kwok Fu Alex (吳國富先生)	70	Non-executive Director	18 August 2015	6 July 1989	Advising on the business strategies of our Group.	*(Note)*

Name	Age	Present position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Lam Yat Hon (林逸漢先生)	56	Non-executive Director	18 August 2015	1 September 1998	Advising on the business strategies of our Group.	*(Note)*
Mr. Ma Wing Wah (馬永華先生)	65	Non-executive Director	18 August 2015	16 January 2006	Advising on the business strategies of our Group.	*(Note)*
Mr. Liu Kwong Sang (廖廣生先生)	54	Independent non-executive Director	23 January 2017	23 January 2017	Giving independent advice to our Board.	Nil
Dr. Wong Ping San John (黃平山醫生)	71	Independent non-executive Director	23 January 2017	23 January 2017	Giving independent advice to our Board.	Nil
Dr. Liu Yuk Shing (廖育成博士)	48	Independent non-executive Director	23 January 2017	23 January 2017	Giving independent advice to our Board.	Nil
Mr. Liu Walter Joseph (劉偉德先生)	38	Independent non-executive Director	23 January 2017	23 January 2017	Giving independent advice to our Board.	Nil
Senior management						
Ms. Chu Lai King (朱麗琼女士)	64	Head of human resources of our Group	—	6 July 1989	Responsible for the recruitment and human resources matters of our Group.	Nil *(Note)*
Ms. Pun Shuk Kan Pisa (潘淑勤女士)	51	Nursing director of our Group	—	5 January 1998	Responsible for quality control of the elderly care services provided by our Group.	Nil
Ms. Yam Hau Kam (任巧琴女士)	49	Nursing director of our Group	—	22 February 1990	Responsible for quality control of the elderly care services provided by our Group.	Nil

Note: Participating with other Director(s)/senior management in certain non-competing business outside our Group.

DIRECTORS

Executive Directors

Mr. Yim Ting Kwok (嚴定國先生) (Mr. Elson Yim), aged 67, one of the co-founders of our Group, was appointed as a Director on 18 August 2015 and was designated as the chairman of our Board and an executive Director on 7 September 2016. He is responsible for formulating business strategies and managing the business operations of our Group, and overseeing the general performance of our Group.

Mr. Yim co-founded our Group in 1989 with Mr. Alex Ng, our non-executive Director through the establishment of our first care and attention home. He has over 27 years of experience in the RCHE industry in Hong Kong.

Mr. Yim also holds the following positions of responsibilities in the following organisations, which are relevant to the business of our Group:

Period	Name of organisation	Position(s) held
2009 to present	The Elderly Services Association of Hong Kong	Industry consultant
2013 to present	Hong Kong Association of Gerontology Management Review Board	Review Board Member

Apart from his experience in the RCHE industry, Mr. Yim also had over 30 years of experience in education and had been founders and supervisors of a number of schools in Hong Kong. Currently, he is one of the school managers of Cherish English School & Kindergarten and the supervisor of James Anglo-Chinese Kindergarten, both of which are founded by him.

Mr. Yim was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Aplica Limited (電力寶有限公司)	Trading	31 October 2003	Deregistration	Dormant
Ashdon Limited	Kindergarten	17 May 2002	Deregistration	Dormant
Bemme Limited (天馬國際貿易有限公司)	Investment and Trading	18 November 2005	Deregistration	Dormant
Best Growth Properties Limited (嘉勵置業有限公司)	Corporation (inactive)	2 October 2009	Deregistration	Dormant
Cherish Educational Services Limited (卓基教育服務有限公司)	Education	14 May 2010	Deregistration	Dormant
Crown Advertising Limited (金廣告有限公司)	Advertising	21 June 2002	Striking off	Dormant
Crown Resources Development Limited (金潤物業發展有限公司)	Investment holding	27 September 2002	Deregistration	Dormant

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Aplica Limited (電力寶有限公司)	Trading	31 October 2003	Deregistration	Dormant
Elson Educational Services Limited (雅諾臣教育服務有限公司)	Corporation (inactive)	27 September 2013	Deregistration	Dormant
Elson Limited (雅諾臣有限公司)	Investment holding	25 September 2009	Deregistration	Dormant
Fancy Lake Limited (嘉湖有限公司)	Investment holding	2 November 2012	Deregistration	Dormant
Finemark Investments Limited (華徽投資有限公司)	Investment holding	7 March 2003	Striking off	Dormant
Great Oriental International Limited (大中華國際有限公司)	General Trading	13 April 2007	Deregistration	Dormant
Ingeni Development Limited	Investment holding	10 December 2004	Deregistration	Dormant
Jameson Development Limited (尊信發展有限公司)	Investment holding	14 September 2001	Deregistration	Dormant
Kimark China Limited (金馬中華有限公司)	Investment holding	21 February 2003	Deregistration	Dormant
Kimark Development Limited (京馬發展有限公司)	Investment holding	13 July 2001	Deregistration	Dormant
Kimark Realties Development Limited (金馬地產發展有限公司)	Investment holding	10 January 2003	Deregistration	Dormant
Kokhay Limited (國禧有限公司)	Corporation (inactive)	4 February 2005	Deregistration	Dormant
Link Mart Limited (恒多有限公司)	Professional Consultant	11 June 2004	Deregistration	Dormant
Longo Holdings Limited (長高集團有限公司)	Investment holding	8 September 2006	Deregistration	Dormant
Lynn's Marketing Limited (利仕市務有限公司)	Investment holding	6 June 2003	Deregistration	Dormant
Pacific Netten Limited (利泰(太平洋)有限公司)	Investment holding	21 June 2002	Deregistration	Dormant
Polywin Far East Limited (鴻昇遠東有限公司)	Investment holding	29 April 2005	Deregistration	Dormant
Smart Rise Corporation Limited (俊昇有限公司)	Investment holding	31 May 2013	Deregistration	Dormant
Star Bridge Investment Limited (星僑投資有限公司)	Investment holding	20 November 2015	Deregistration	Dormant
Sunny Brighter Development Limited (光暉發展有限公司)	Investment holding	22 August 2014	Deregistration	Dormant

Ms. Cho Wing Yin (曹詠妍女士) (Ms. Mona Cho), aged 66, was appointed as a Director on 18 August 2015 and was designated as an executive Director on 7 September 2016. She joined our Group in September 1994 as director of Hinta Enterprises. Ms. Cho is responsible for the administration affairs of our Group. Ms. Cho has over 21 years of experience in the RCHE industry in Hong Kong.

Apart from her experience in the RCHE industry, Ms. Cho also had over 20 years of experience in education and had been principals of a number of schools in Hong Kong.

Ms. Cho completed a two-year part-time course of in-service training for kindergarten teachers in October 1978. She was granted the status of qualified kindergarten teacher by the Education Department of Hong Kong in October 1978. She also obtained a certificate of registration as a teacher issued by the Director of Education in Hong Kong in May 1981 and a certificate of registration as a manager of a school issued by the Director of Education in Hong Kong in January 1985 in respect of James Anglo-Chinese School Kindergarten (Tuen Mun Branch).

Ms. Cho obtained a Certificate in Kindergarten Education (Chinese) from The Hong Kong Institute of Education in December 1998, a degree of Bachelor of Education in Early Childhood Education from Hong Kong Baptist University in November 2005, and a Diploma in Applied Gerontology from Hong Kong Association of Gerontology and Hong Kong Institute of Gerontology in September 2010. She also completed the Principal-ship Training Course for Kindergarten Principals and Child Care Centre Supervisors at The University of Hong Kong in June 2003 and Health Worker Training Course from Hong Kong Institute of Gerontology in April 2007. She was registered as a health worker by the SWD in June 2007.

Ms. Cho was a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Bemme Limited (天馬國際貿易有限公司)	Investment and Trading	18 November 2005	Deregistration	Dormant
Best Growth Properties Limited (嘉勵置業有限公司)	Corporation (inactive)	2 October 2009	Deregistration	Dormant
Elson Educational Services Limited (雅諾臣教育服務有限公司)	Corporation (inactive)	27 September 2013	Deregistration	Dormant
Elson Limited (雅諾臣有限公司)	Investment holding	25 September 2009	Deregistration	Dormant
Fancy Lake Limited (嘉湖有限公司)	Investment holding	2 November 2012	Deregistration	Dormant
Kokhay Limited (國禧有限公司)	Corporation (inactive)	4 February 2005	Deregistration	Dormant
Link Mart Limited (恒多有限公司)	Professional Consultant	11 June 2004	Deregistration	Dormant
Smart Rise Corporation Limited (俊昇有限公司)	Investment holding	31 May 2013	Deregistration	Dormant

Mr. Yim Billy Pui Kei (嚴沛基先生) (Mr. Billy Yim), aged 39, the chief executive officer of our Group, was appointed as a Director on 18 August 2015 and was designated as an executive Director on 7 September 2016. He joined our Group in May 2009 as a director. Mr. Yim is responsible for formulating business strategies and managing the business operations of our Group and overseeing the general performance of our Group.

Mr. Yim obtained a degree of Bachelor of Science in Engineering in Industrial and Operations Engineering from The University of Michigan in the U.S. in April 2000, a degree of Master of Science in Electronic Commerce from Carnegie Mellon University in the U.S. in May 2003, and a degree of Master of Business Administration from INSEAD (Fontainebleau (France) & Singapore) in December 2007. He was a member of executive committee of The Elderly Services Association of Hong Kong from 2009 to 2013.

Prior to joining our Group, Mr. Yim worked for United Airlines Inc. in Chicago, the U.S., from August 2000 to February 2002, with his last position being business analyst, Research and Development. He also worked at Best e-Solutions Limited in Hong Kong from November 2003 to July 2005, with his last position being assistant vice president, business development, and HSBC Private Bank (Suisse) SA in Hong Kong from March 2008 to February 2009, with his last position being assistant vice president.

Mr. Yim was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Ingeni Development Limited	Investment holding	10 December 2004	Deregistration	Dormant
Polywin Far East Limited (鴻昇遠東有限公司)	Investment holding	29 April 2005	Deregistration	Dormant
Star Bridge Investment Limited (星僑投資有限公司)	Investment holding	20 November 2015	Deregistration	Dormant

Mr. Yim Edwin Pui Hin (嚴沛軒先生) (Mr. Edwin Yim), aged 29, the head of operations of our Group, was appointed as a Director on 18 August 2015 and was designated as an executive Director on 7 September 2016. He joined our Group in June 2011 as operation manager. Mr. Yim is responsible for overseeing the daily operation of our care and attention homes.

Mr. Yim has over five years of experience in the RCHE industry in Hong Kong. Apart from being responsible for the day-to-day management of our care and attention homes, he is also responsible for overseeing the development, deployment and maintenance of in-house operational software, accreditation of our care and attention homes, management and standardisation of documents and operating procedures, internal audits on the operations of our care and attention homes, and compliance with regulatory requirements. Mr. Yim graduated from The University of Manchester in the United Kingdom with a degree of Bachelor of Science in Computer Science with Business and Management in July 2011.

Mr. Chan Yip Keung (陳業強先生), aged 33, the chief financial officer of our Group, was appointed as a Director on 30 April 2016 and was designated as an executive Director on 7 September 2016. He joined our Group in April 2015 as chief financial officer of Pine Care Elderly Home Development Limited. Mr. Chan is responsible for the finance and accounting matters and cost control measures of our Group.

Prior to joining our Group, Mr. Chan worked for PricewaterhouseCoopers from September 2005 to November 2011 with his last position being manager, assurance, institutional group, and Mapletree Hong Kong Management Limited from November 2011 to April 2015 with his last position being manager, finance, logistics.

Mr. Chan obtained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong in December 2005. He was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in January 2009.

Non-executive Directors

Mr. Ng Kwok Fu Alex (吳國富先生) (Mr. Alex Ng), aged 70, one of the co-founders of our Group, was appointed as a Director on 18 August 2015 and was designated as a non-executive Director on 7 September 2016. He is responsible for providing advice on the business strategies of our Group.

Mr. Ng co-founded our Group in 1989 with Mr. Elson Yim, the chairman of our Board and our executive Director through the establishment of our first care and attention home. He has over 27 years of experience in the RCHE industry in Hong Kong.

Apart from his experience in the RCHE industry, Mr. Ng also had about 30 years of experience in education and had been the principal of a secondary school in Hong Kong from 1978 to 1993.

Mr. Ng completed a two-year part-time course of in-service training for teachers and was granted the status of qualified teacher (ICTT Certificate) by the Education Department of Hong Kong in November 1970. In August 1980, he obtained a Diploma of Management for Executive Development from The Chinese University of Hong Kong.

Mr. Ng was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Aplica Limited (電力寶有限公司)	Trading	31 October 2003	Deregistration	Dormant
Ashdon Limited	Kindergarten	17 May 2002	Deregistration	Dormant
Bogarie Development Company Limited	Trading	26 September 2003	Striking off	Dormant
Cherish Educational Services Limited (卓基教育服務有限公司)	Education	14 May 2010	Deregistration	Dormant
China-Hongkong Business Development Association Limited (中港企業發展協會有限公司)	Consultancy	5 March 2010	Deregistration	Dormant
Compu-Tek (Asia) Limited (亞洲科儀有限公司)	Trading	13 May 2005	Deregistration	Dormant
Crown Advertising Limited (金廣告有限公司)	Advertising	21 June 2002	Striking off	Dormant
Crown Resources Development Limited (金潤物業發展有限公司)	Investment holding	27 September 2002	Deregistration	Dormant
Elson Educational Services Limited (雅諾臣教育服務有限公司)	Corporation (inactive)	27 September 2013	Deregistration	Dormant
Fancy Lake Limited (嘉湖有限公司)	Investment holding	2 November 2012	Deregistration	Dormant
Finemark Investments Limited (華徽投資有限公司)	Investment holding	7 March 2003	Striking off	Dormant
Great Oriental International Limited (大中華國際有限公司)	General Trading	13 April 2007	Deregistration	Dormant

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Hong Kong Institute For Executive Development Limited (香港行政人員發展學會有限公司)	Alumni Association	9 October 2009	Striking off	Dormant
Hong Kong Services Centre For China Private Enterprises Limited (中國民營企業香港服務中心有限公司)	Consultancy	29 January 2010	Deregistration	Dormant
Impact China Limited (英栢(中國)有限公司)	Corporation (inactive)	22 January 2016	Deregistration	Dormant
Kimark China Limited (金馬中華有限公司)	Investment holding	21 February 2003	Deregistration	Dormant
Kimark Development Limited (京馬發展有限公司)	Investment holding	13 July 2001	Deregistration	Dormant
Kimark Realties Development Limited (金馬地產發展有限公司)	Investment holding	10 January 2003	Deregistration	Dormant
Lynn's Marketing Limited (利仕市務有限公司)	Investment holding	6 June 2003	Deregistration	Dormant
Marksdata International Limited (敏達國際有限公司)	Trading	14 February 2003	Striking off	Dormant
Millennium Marketing Services Limited (世紀市務有限公司)	Trading	5 October 2007	Deregistration	Dormant
Smart Rise Corporation Limited (俊昇有限公司)	Investment holding	31 May 2013	Deregistration	Dormant
M.I. Education Development Limited (腦潛能發展有限公司)	Education	17 March 2006	Deregistration	Dormant
Pacific Fair Limited (善和有限公司)	Trading	22 February 2008	Deregistration	Dormant
Polyford Development Limited (寶利福發展有限公司)	Investment holding	17 January 2003	Striking off	Dormant
Polytex Sports Limited (保德體育用品有限公司)	Trading	11 April 2003	Striking off	Dormant
Seaker Chan & Sons Foundation Limited (陳樹渠父子基金會有限公司)	Non profit making organisation	7 August 2002	Winding up	Members' voluntary winding up
Syn-Ed Limited (共晉教育事業拓展有限公司)	Education	12 September 2008	Deregistration	Dormant

Mr. Lam Yat Hon (林逸漢先生), aged 56, was appointed as a Director on 18 August 2015 and was designated as a non-executive Director on 7 September 2016. Mr. Lam joined our Group as director of Besting Holdings in September 1998. He is responsible for providing advice on the business strategies of our Group.

Since 1994, Mr. Lam has been a shareholder and a director of Aplica Pacific, a company principally engaging in the business of trading of household appliances and investment holding electronic household products. Mr. Lam is responsible for the day-to-day business operations of Aplica Pacific.

Mr. Lam was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Aplica Limited (電力寶有限公司)	Trading	31 October 2003	Deregistration	Dormant
Pacific Netten Limited (利泰(太平洋)有限公司)	Investment holding	21 June 2002	Deregistration	Dormant
Top Mutual Development Limited (達敏發展有限公司)	Investment holding	8 August 2008	Deregistration	Dormant

Mr. Ma Wing Wah (馬永華先生), aged 65, was appointed as a Director on 18 August 2015 and was designated as a non-executive Director on 7 September 2016. Mr. Ma joined our Group as director of Pine Care Elderly Home in January 2006. He is responsible for providing advice on the business strategies of our Group.

Mr. Ma obtained a degree of Bachelor of Arts in Architectural Studies from The University of Hong Kong in November 1974, and a Diploma in Architecture from Oxford Polytechnic (currently known as Oxford Brookes University) in the United Kingdom in 1977. He was admitted a member of The Hong Kong Institute of Architects in December 1983 and is a Registered Architect in Hong Kong. He is an Authorized Person under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and is currently in the Authorized Persons' Register (List of Architects).

Mr. Ma worked at CLP Power Hong Kong Limited from May 1981 to September 2001, with his last position being civil engineering manager, civil engineering branch of asset management department. From December 2001 to December 2014, Mr. Ma worked as a senior architect in The Architects' Mission, an architectural design and project management firm.

Independent non-executive Directors

Mr. Liu Kwong Sang (廖廣生先生), aged 54, was appointed as our independent non-executive Director on 23 January 2017. He is responsible for giving independent advice to our Board.

Mr. Liu has been practicing as a certified public accountant in Hong Kong with more than 25 years of experience. Mr. Liu graduated from The Hong Kong Polytechnic University with a degree of Bachelor of Arts in Accountancy in November 1997 and obtained a degree of Master of Business Administration from University of Lincoln in the United Kingdom in November 2002. Mr. Liu holds various professional qualifications and memberships in various professional organisations, the details of which are set out below:

Date of award/ admission as member/issue of certificate	**Qualification/ membership/certificate**	**Awarding/issuing/certifying body**
September 1988	Associate	The Chartered Association of Certified Accountants
March 1997	Fellow	The Institute of Financial Accountants
December 1998	Fellow	Hong Kong Institute of Certified Public Accountants
February 2001	Fellow	Institute of Public Accountants, Melbourne, Australia
August 2003	• Fellow • Registered Financial Planner	Society of Registered Financial Planners
July 2004	Fellow	The Taxation Institute of Hong Kong
May 2015	Fellow	The Institute of Chartered Accountants in England and Wales
January 2015	Certified Tax Adviser (2015)	The Taxation Institute of Hong Kong
January 2016	Practicising Certificate (2016)	Hong Kong Institute of Certified Public Accountants

Mr. Liu currently acts as an independent non-executive director of China National Culture Group Limited (Stock code: 745) and Polytec Asset Holdings Limited (Stock code: 208), the securities of both of the companies are listed on the Main Board. He also acts as an independent non-executive director of ABC Multiactive Limited (Stock code: 8131) and Evershine Group Holdings Limited (Stock code: 8022), the securities of both of the companies are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Liu was previously an independent non-executive director of Dragonite International Limited (Stock code: 329) from April 2010 to September 2014, the securities of which are listed on the Main Board.

Mr. Liu was a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Institute Of Financial Accountants Social Enterprise (Hong Kong) Limited (英國註冊財務會計師公會社會企業(香港)有限公司)	Corporation (inactive)	30 January 2014	Deregistration	Dormant

Dr. Wong Ping San John (黃平山醫生), aged 71, was appointed as our independent non-executive Director on 23 January 2017. He is responsible for giving independent advice to our Board.

Dr. Wong graduated from The University of Hong Kong with a degree of Bachelor of Medicine and a degree of Bachelor of Surgery (MB BS (HK)) in October 1971, and obtained a degree of Master of Philosophy from The Chinese University of Hong Kong in December 1994. Dr. Wong is a medical practitioner with full registration with the Medical Council of Hong Kong.

Dr. Wong was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Billion Wish International Development Limited (億惠國際發展有限公司)	Investment holding	15 January 2010	Deregistration	Dormant
Dounion Company Limited (都資有限公司)	Investment holding	1 June 2007	Deregistration	Dormant

Dr. Liu Yuk Shing (廖育成博士), aged 48, was appointed as our independent non-executive Director on 23 January 2017. He is responsible for giving independent advice to our Board.

Dr. Liu obtained a Higher Diploma in Structural Engineering and a degree of Bachelor of Engineering in Civil Engineering from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1990 and November 1994, respectively. He also obtained a degree of Master of Science in Engineering from The University of Hong Kong in December 1998, and a degree of Doctor of Business Administration from Tarlac State University in the Philippines in December 2013 through distance learning.

Dr. Liu is a professional engineer and has over 25 years of experience in civil, structural and geotechnical consultancy as well as project management for civil and building projects. He is currently a Registered Structural Engineer and Registered Inspector, and has the capacity to carry out statutory duties in Hong Kong under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). Dr. Liu holds various professional qualifications and memberships in various professional organisations, the details of which are set out below:

Date of award/ admission as member/issue of certificate	Qualification/membership/ certificate	Awarding/issuing/certifying body
November 1996	Member	The Institution of Structural Engineers, London
February 1997	Member	The Hong Kong Institution of Engineers
August 1997	Chartered Engineer	Engineering Council
September 1997	Member	The Welding Institute, England
September 1999	Member	The Chartered Institute of Arbitrators
May 2002	Member	The Institution of Civil Engineers
May 2004	Fellow	The Geological Society of London
October 2006	Corporate Member	Hong Kong Institute of Steel Construction
October 2010	Fellow Member	Hong Kong Institute of Steel Construction
December 2011	Fellow	The Society of Operations Engineers
February 2012	Chartered Environmentalist	Society for the Environment
February 2012	Registered Inspector Inspector (List of Engineers)	Building Authority, Hong Kong Buildings Ordinance (Cap 123) Section 3 Certificate of Registration
March 2013	Senior Member	The Chinese Mechanical Engineering Society
October 2014	Chartered Building Engineer	Chartered Association of Building Engineers
October 2014	Fellow	Chartered Association of Building Engineers
May 2015	Fellow	The Hong Kong Institution of Engineers
May 2015	Fellow	Hong Kong Concrete Institute
October 2015	Registered Structural Engineer	Building Authority, Hong Kong Buildings Ordinance (Cap 123) Section 3 Certificate of Registration

Dr. Liu has been working in the construction industry and delivered various residential, industrial and commercial developments in public and private sector under his supervision. Dr. Liu also serves as committee member and chairman of various government and institutional bodies.

Mr. Liu Walter Joseph (劉偉德先生), aged 38, was appointed as our independent non-executive Director on 23 January 2017. He is responsible for giving independent advice to our Board.

Mr. Liu obtained a degree of Bachelor of Science in Engineering (Industrial & Operations Engineering) and a degree of Master of Science in Engineering from The University of Michigan, the U.S. in April 2000 and April 2001, respectively. After graduation, Mr. Liu has been working for American Express since July 2001 and is now working as chief credit officer in Asia Region at American Express.

Save as disclosed above, each of our Directors confirms with respect to him/her that: (a) he/she has not held any directorship in the three years prior to the Latest Practicable Date in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (b) he/she does not hold other positions in our Company or other members of our Group; (c) he/she is independent from and he/she does not have any relationship with any other Directors, senior management, substantial shareholders or Controlling Shareholders of our Company; (d) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the section headed "Statutory and General Information — C. Further information about our Directors and substantial Shareholders — Disclosure of interests" in Appendix V to this prospectus; (e) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under the Listing Rules; and (f) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there is no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Ms. Chu Lai King (朱麗琼女士), aged 64, is the head of human resources of our Group. She joined our Group in July 1989 as home manager. Ms. Chu is responsible for recruitment and human resources matters of our Group. Ms. Chu was also appointed as our Director on 18 August 2015 but resigned as our Director on 30 April 2016 to streamline the structure of our Board and to focus on the day-to-day operation of our Group.

Ms. Chu obtained a Diploma in Gerontology from School of Professional and Continuing Education of The University of Hong Kong in August 2005.

Ms. Pun Shuk Kan Pisa (潘淑勤女士), aged 51, is one of the nursing directors of our Group. She joined our Group in January 1998 as enrolled nurse. Ms. Pun is responsible for the quality control of the elderly care services provided by our Group.

Ms. Pun has been a registered nurse since June 2006. Prior to joining our Group, she worked for Sik Sik Yuen Elderly Service from June 1993 to August 1997. She obtained a Higher Diploma in Nursing from The Open University of Hong Kong in June 2006 and completed the Assessors Training Course (2015) 1st Class organised by the Hong Kong Association of Gerontology in November 2015 under the Residential Aged Care Accreditation Scheme.

Ms. Yam Hau Kam (任巧琴女士), aged 49, is one of the nursing directors of our Group. She joined our Group in February 1990 as enrolled nurse. Ms. Yam is responsible for the quality control of the elderly care services provided by our Group.

Ms. Yam has been a registered nurse since June 2006. Prior to joining our Group, she worked for United Christian Hospital from February 1989 to October 1989. She obtained a Higher Diploma in Nursing from The Open University of Hong Kong in June 2006 and completed the Assessors Training Course (2015) 1st Class organised by the Hong Kong Association of Gerontology in November 2015 under the Residential Aged Care Accreditation Scheme.

The senior management of our Group had not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Mr. Chan Yip Keung (陳業強先生) is the company secretary of our Company. He is also an executive Director. See "Directors" in this section for details of his biographical information.

BOARD COMMITTEES

Audit committee

We established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules pursuant to a resolution of our Directors passed on 23 January 2017. The primary duties of our audit committee are, among other things, to make recommendations to our Board on the appointment, re-appointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting, oversee our financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by our Board.

At present, our audit committee comprises Mr. Liu Kwong Sang, Dr. Wong Ping San John, Dr. Liu Yuk Shing and Mr. Liu Walter Joseph, all being independent non-executive Directors. Mr. Liu Kwong Sang is the chairman of our audit committee.

Remuneration committee

We established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules pursuant to a resolution of our Directors passed on 23 January 2017. The primary duties of our remuneration committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determines his/her own remuneration.

At present, our remuneration committee comprises Dr. Wong Ping San John, Mr. Liu Walter Joseph and Mr. Billy Yim, comprising a majority of our independent non-executive Directors. Dr. Wong Ping San John is the chairman of our remuneration committee.

Nomination committee

We established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules pursuant to a resolution of our Directors passed on 23 January 2017. The primary duties of our nomination committee are to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our nomination committee comprises Mr. Elson Yim, being the chairman of our Board, Dr. Wong Ping San John and Dr. Liu Yuk Shing, both being our independent non-executive Directors. Mr. Elson Yim is the chairman of our nomination committee.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the term commencing on the Listing Date and ended on the date on which we despatch our annual report in respect of our financial results for the first full financial year commencing after the Listing Date, such appointment may be subject to extension by mutual agreement.

Pursuant to Rule 3A.23 of the Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to our performance. We also reimburse them for expenses which are necessary and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate emoluments paid and benefits in kind granted by us to our Directors, excluding the remuneration paid by our discontinued operations, were approximately HK$506,000, HK$210,000, HK$703,000 and HK$231,000, respectively. During the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate emoluments paid and benefits in kind granted by us to Dr. Ho Chi Tim, Ms. Chu Lai King and Mr. Shek Kam Ming, who were our Directors from 18 August 2015 to 30 April 2016, excluding the remuneration paid by our discontinued operations, were approximately HK$1.0 million, HK$1.1 million, HK$1.3 million and HK$96,000, respectively.

For the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid to the five highest paid individuals (including our Directors) by our Group, excluding the remuneration paid by our discontinued operations, was approximately HK$2.7 million, HK$3.0 million, HK$3.3 million and HK$1.1 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 March 2017 will be approximately HK$0.9 million. Following the Listing, our remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which any of our Directors waived or agreed to waive any remuneration during the Track Record Period.

See the Accountants' Report set out in Appendix I to this prospectus for further details of our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. See "Statutory and General Information — D. Share Option Scheme" in Appendix V to this prospectus for further details of the Share Option Scheme.

FUTURE PLANS

See "Business — Our Strategies" in this prospectus for details of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer (after deducting underwriting fees and estimated expenses payable by us in connection with the Share Offer) (the "**Net Proceeds**"), assuming an Offer Price of HK$0.66, being the mid-point of the indicative Offer Price Range, will be approximately HK$115.5 million assuming that the Over-allotment Option is not exercised. We currently intend to apply the Net Proceeds in the following manner:

- approximately HK$89.8 million (representing approximately 77.7% of the Net Proceeds) will be used as part of the funding for our Group's expansion of our network of care and attention homes in Hong Kong through acquisition of a suitable property to establish a new care and attention home. As at the Latest Practicable Date, save for the Pine Care Place Development Plan and the Possible Acquisition, we had not yet identified any site and/or targets, nor have we formulated any specific acquisition plans or entered into any definitive agreements for any potential targets. Please refer to the section headed "Business — Business Strategies — Continue to expand our network of care and attention homes in Hong Kong — Horizontal expansion" for details of our horizontal expansion strategy;

- approximately HK$14.2 million (representing approximately 12.3% of the Net Proceeds) will be used to fund the Pine Care Place Development Plan. Please refer to the section headed "Business — Business Strategies — Continue to expand our network of care and attention homes in Hong Kong — Private sector expansion" for details of our private sector expansion strategy; and

- approximately HK$11.5 million (representing approximately 10.0% of the Net Proceeds) will be used for working capital and other general corporate purposes of our Group.

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholder in the Share Offer. The Selling Shareholder estimates that it will receive net proceeds of approximately HK$27.5 million, assuming an Offer Price of HK$0.66, being the mid-point of the indicative Offer Price Range disclosed in this prospectus.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price Range, the Net Proceeds, assuming that the Over-allotment Option is not exercised, will increase to approximately HK$121.8 million or decrease to approximately HK$109.2 million, respectively; and in such event, we intend to increase or decrease, respectively, the Net Proceeds to be used for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the Net Proceeds will increase to approximately HK$140.2 million, assuming an Offer Price of HK$0.66, being the mid-point of the proposed Offer Price Range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price Range, the Net Proceeds including the proceeds from the exercise of the Over-allotment Option will increase to approximately HK$147.6 million or decrease to approximately HK$132.8 million, respectively; and in such event, we intend to increase or decrease, respectively, the allocation of the Net Proceeds to the above purposes on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the Net Proceeds are not sufficient to fund the purposes of the Listing as set forth above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the Net Proceeds are not immediately required for the above purposes and to the extent permitted by applicable law and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

REASONS FOR THE LISTING

Our Directors believe that the Listing will facilitate the implementation of our business strategies. As stated in "Business — Our strategies" in this prospectus, we plan to, among others, continue to expand our network of care and attention homes in Hong Kong by horizontal expansion (through acquisition of a suitable property and establishment of a new care and attention home) and private sector expansion (through implementation of the Pine Care Place Development Plan).

According to the Ipsos Report, the RCHE industry in Hong Kong is characterised by, among others, shortage of land and high capital requirements due to increasing operating costs such as expensive rental costs. In light of the above, our Directors would, to the extent practicable, prefer to establish a new care and attention home in self-owned properties to minimise the risks arising from the fluctuations in the retail rental market and possible non-renewal and/or early termination of leases. The acquisition of the new property is expected to be in the amount of approximately HK$96.4 million including (i) value of the property in the amount of approximately HK$88.0 million; (ii) stamp duty in the amount of approximately HK$7.5 million; and (iii) commission of approximately HK$0.9 million. Assuming that the Offer Price is determined at the mid-point of the indicative Offer Price Range, we intend to finance the above costs in the following manner: (i) approximately HK$89.8 million, representing approximately 93.2% of the property value in the amount of approximately HK$81.4 million, stamp duty in the amount of approximately HK$7.5 million and commission in the amount of approximately HK$0.9 million, will be funded by the Net Proceeds; (ii) approximately HK$6.6 million, representing approximately 6.8% of the property value, will be funded by bank borrowings; and (iii) initial capital expenditure of approximately HK$9.0 million and monthly operating expenses of approximately HK$1.1 million will be funded by our internal resources. In addition, assuming that the Offer Price is determined at the mid-point of the indicative Offer Price Range, we intend to allocate approximately HK$14.2 million out of the Net Proceeds for the capital expenditure of the Pine Care Place Development Plan. As at 31 July 2016, our Group had unutilised banking facilities of approximately HK$76.9 million. However, (i)

HK$5.4 million of such banking facilities is subject to restrictive covenants which prevent our Group from utilising it for property investment and/or property acquisition activities; (ii) HK$35.0 million ("**Term Loan**") of such banking facilities is subject to the purpose of financing or refinancing our Group's general working capital and capital expenditure for expansion or renovation with our Group having to submit evidence of fund usage; (iii) HK$20.0 million ("**HIBOR Loan**") of such banking facilities is subject to having to keep the bank advised before any new site acquisition; and (iv) HK$16.5 million of such banking facilities are overdraft facilities for general working capital purposes. In addition, the Term Loan is subject to repayment 35 months from the date of drawdown and the HIBOR Loan is subject to repayment by 59 monthly instalments. Therefore, we do not consider the Term Loan and the HIBOR Loan as appropriate banking facilities to fund our Group's expansion of our network of care and attention homes in Hong Kong through acquisition of a suitable property to establish a new care and attention home. The Net Proceeds will enable us to pursue our business strategies with the support of capital and allow us to grasp the relevant investment opportunities in a timely manner.

During the Track Record Period, we had a high gearing ratio and incurred finance costs. See "Liquidity and capital resources — Working Capital Sufficiency — Gearing ratio" and "Description of selected items in consolidated statements of profit or loss — Finance costs" in "Financial Information" in this prospectus for further details. As the Listing will enable our Group to have access to capital market for raising funds both at the time of the Listing and at later stages such as through the issuance of equity and/or debt securities as and when necessary in furtherance of our strategies and expansion plans with relatively lower finance costs, our Directors believe that the additional capital would alleviate our gearing ratio and overall financial risk profile after the Listing.

In addition, we believe that a public listing status is a form of complimentary advertising which will enhance our corporate profile, assist in reinforcing our brand awareness and market reputation, enhance our credibility with the public and potential business partners and offer us a broader shareholder base which will provide liquidity in the trading of the Shares.

THE CORNERSTONE INVESTMENT

We have entered into a cornerstone investment agreement with Yada International (HK) Limited ("**Yada HK**") and China Oceanwide International Master Fund ("**China Oceanwide Fund**") (together the "**Cornerstone Investors**" and each a "**Cornerstone Investor**") and the Sole Global Coordinator, pursuant to which:

(i) Yada HK has agreed to subscribe for 85,536,000 Shares, representing (i) approximately 36.7% of the Placing Shares offered pursuant to the Placing; (ii) approximately 33.0% of the Offer Shares offered pursuant to the Share Offer; (iii) approximately 9.9% of our Shares in issue upon completion of the Share Offer (assuming the Over-allotment Option is not exercised); or (iv) approximately 9.5% of our Shares in issue upon completion of the Share Offer (assuming the Over-allotment Option is exercised in full); and

(ii) China Oceanwide Fund has agreed to subscribe for 40,000,000 Shares, representing (i) approximately 17.1% of the Placing Shares offered pursuant to the Placing; (ii) approximately 15.4% of the Offer Shares offered pursuant to the Share Offer; (iii) approximately 4.6% of our Shares in issue upon completion of the Share Offer (assuming the Over-allotment Option is not exercised); or (iv) approximately 4.4% of our Shares in issue upon completion of the Share Offer (assuming the Over-allotment Option is exercised in full) (together with (i) above, the "**Cornerstone Investment**").

Assuming an offer price of HK$0.63, HK$0.66 and HK$0.69, (being the minimum, mid-point and maximum of the indicative Offer Price Range stated in this prospectus):

(i) the aggregate amount for the subscription of our Shares by Yada HK would be HK$53.9 million, HK$56.5 million and HK$59.0 million, respectively; and

(ii) the aggregate amount for the subscription of our Shares by China Oceanwide Fund would be HK$25.2 million, HK$26.4 million and HK$27.6 million, respectively.

The Cornerstone Investment forms part of the Placing. The number of Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Shares between the Placing and the Public Offer in the event of over-subscription under the Public Offer as described in "Structure and Conditions of the Share Offer — The Public Offer — Reallocation".

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party, not an existing Shareholder and is independent of each other, our Company, our connected persons and their respective associates. The Offer Shares to be subscribed for by the Cornerstone Investors will be counted towards the public float of our Company and will rank pari passu in all respects with the other fully paid Offer Shares then in issue and to be listed on the Stock Exchange. Immediately following the completion of the Share Offer, the Cornerstone Investors will not have any board representation in our Company, and will not become a Substantial Shareholder of our Company upon the Listing.

Other than the subscription pursuant to the cornerstone investment agreements, the Cornerstone Investors have agreed not to subscribe for any Offer Shares under the Share Offer. Details of the actual aggregate subscription price of the Shares subscribed by the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around 14 February 2017.

THE CORNERSTONE INVESTORS

The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Investment.

Yada HK

Yada HK is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of Yada International Holdings Limited ("**Yada International**") which is held as to the majority by (i) Beijing Harmony Growth Investment Center LP* (北京和諧成長投資中心(有限合夥), a limited liability partnership established under the laws of the PRC and managed by IDG Capital; and (ii) Tianjin Sequoia Yada Holdings Investment LP* (天津紅杉雅達股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC and managed by Sequoia Capital China. Yada International is principally engaged in the development and investment in aged-care and healthcare industries.

Mr. Jiang Jianning is the founder, chairman and president of Yada International. Mr. Jiang has acted as senior advisor in IDG Capital since 2010 and has been selected as a "Top 10 Outstanding Youth* (十大傑出青年)" from an entity directly under the Central Committee of the Communist Party of China and "100 Young People Who May Impact China in the 21st Century* (可能影響21世紀中國的100位青年人物)" from the China Youth magazine* (中國青年雜誌).

IDG Capital is focused on investments in leading companies in (i) internet, mobile and technology; (ii) modern services and brand; (iii) healthcare; (iv) industrial tech and resources; and (v) media, tourism and real estate, sectors. IDG Capital has diversified investments in over 500 companies and as at the Latest Practicable Date had 18 funds under its management.

Sequoia Capital China is focused in venture capital investment in China. Sequoia Capital China has a proven investment track record and its past and present portfolio companies include Alibaba, a leading e-commerce company, Dianping, a popular restaurant-review and group-buying service, and Qihoo 360, a provider of internet and mobile security products listed on the New York Stock Exchange.

China Oceanwide Fund

China Oceanwide Fund is an exempted company incorporated under the laws of the Cayman Islands. It is an exempted open-ended investment company managed by China Oceanwide International Capital Management ("**China Oceanwide Management**") on a discretionary basis subject to certain terms and conditions.

China Oceanwide Management is an exempted company incorporated under the laws of the Cayman Islands and is an indirectly wholly-owned subsidiary of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) ("**China Oceanwide Holdings Group**"), a company established with limited liability in the PRC. China Oceanwide Holdings Group is the controlling shareholder of Oceanwide Holdings Co., Ltd* (泛海控股股份有限公司), a joint stock company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 000046) and is principally engaged in a wide range of investment and investment management activities, including investments in real estate, infrastructure projects, capital management and asset management. The ultimate controlling shareholder and founder of China Oceanwide Holdings Group, Mr. Lu Zhiqiang, is also the vice chairman and non-executive director of China Minsheng Banking Corp., Ltd., whose shares are listed on the Main Board of the Stock Exchange (stock code: 01988) and the Shanghai Stock Exchange (stock code: 600016).

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to, among other things, the following conditions precedent:

(a) the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been entered into, having become effective and unconditional by no later than the respective time and date specified therein, and not having been terminated, in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto);

(b) the Offer Price, which shall not exceed the maximum of the indicative Offer Price Range stated in this prospectus, having been agreed between the Sole Global Coordinator (for itself and on behalf of the other underwriters under the Share Offer) and our Company in connection with the Share Offer;

(c) the representations, warranties, acknowledgments and undertakings of the Cornerstone Investor being true and accurate in all material respects and not misleading and there having been no material breach of the respective cornerstone investment agreement on the part of the Cornerstone Investor;

(d) the Listing Committee of the Stock Exchange having granted or agreed to grant the approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and such approval or permission not having been revoked; and

(e) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the closing of the subscription pursuant to the terms of the cornerstone agreement and there having been no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of such closing.

RESTRICTIONS ON DISPOSAL BY CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of each of our Company and the Sole Global Coordinator, it will not at any time during the period of six months following the Listing Date dispose of (as defined in the respective cornerstone investment agreement which shall include pledge, charge, mortgage, etc.) any of the Shares to be subscribed for by it pursuant to the respective cornerstone investment agreement.

Each of the Cornerstone Investors may transfer the Shares so subscribed in certain limited circumstances, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such Cornerstone Investor shall undertake in writing in favour of our Company and the Sole Global Coordinator to procure that the wholly-owned subsidiary will undertake in writing to abide by the restrictions on disposal imposed on such Cornerstone Investor.

UNDERWRITERS

Public Offer Underwriters

Guotai Junan Securities (Hong Kong) Limited

Gransing Securities Co., Limited

Aristo Securities Limited

Changjiang Securities Brokerage (HK) Ltd

Innovax Capital Limited

KGI Capital Asia Limited

Luk Fook Securities (HK) Limited

Sinolink Securities (Hong Kong) Company Limited

Placing Underwriters

Guotai Junan Securities (Hong Kong) Limited

Gransing Securities Co., Limited

Aristo Securities Limited

Changjiang Securities Brokerage (HK) Ltd

Innovax Capital Limited

KGI Capital Asia Limited

Luk Fook Securities (HK) Limited

Sinolink Securities (Hong Kong) Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering 25,920,000 Public Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Public Offer Underwriting Agreement (including but not limited to the Offer Price being agreed upon between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters)),

the Public Offer Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Public Offer Shares which are being offered but are not taken up under the Public Offer, on the terms and conditions set out in this prospectus, the Application Forms and the Public Offer Underwriting Agreement. If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares will be subject to termination by notice in writing to our Company from the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in any of this prospectus, the Application Forms, and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Share Offer (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**") was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or

(iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company, our executive Directors, the Controlling Shareholders and the Selling Shareholder (the "**Warrantors**") pursuant to the indemnities given by them under the Public Offer Underwriting Agreement or under the Placing Underwriting Agreement; or

(v) any change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group ("**Group Company**"); or

(vi) any material breach of, or any event or circumstance rending untrue or incorrect in any material respect, any of the warranties, indemnities, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Public Offer Underwriting Agreement; or

(vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Relevant Documents or the Share Offer; or

(ix) any person (other than the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents (as defined in the Public Offer Underwriting Agreement) or to the issue of any of the Offer Documents (as defined in the Public Offer Underwriting Agreement); or

(x) that a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors as set out in "Directors and Senior Management" in this prospectus; or

(xii) a portion of the orders in the bookbuilding process, which is considered by the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters) in its absolute opinion to be material, at the time the Placing Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Sole Global Coordinator, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Share Offer; or

(xiii) any material loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq Global Market, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or

(iv) any new laws(s), rule(s), statue(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the BVI, the Cayman Islands or any other jurisdictions relevant to any Group Company or the Share Offer (the "**Specific Jurisdictions**"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of the Directors as set out in "Directors and Senior Management" in this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Share Offer; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Share Offer; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Share Offer with the Listing Rules or any other Laws applicable to the Share Offer; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Share Offer pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters):

(a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Public Offer Underwriting Agreement or the Share Offer to be performed or implemented or proceeded with as envisaged or to market the Share Offer or shall otherwise result in a material interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof in any material respect.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares or securities shall be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Share Offer or the Capitalisation Issue, it shall not:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan) in respect of, any of the Shares or securities of our Company in respect of which it is shown in this prospectus to be the beneficial owner(s) (the "**Relevant Shares**"); or

(b) in the period of a six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan) in respect of, any of the

Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or securities of our Company beneficially owned by it in favor of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged Shares or securities of our Company will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings given to the Public Offer Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters that except pursuant to the Share Offer (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has also undertaken that it will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**").

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken jointly and severally to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters):

(i) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the "**Controlled Entities**") shall not,

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he/she shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he/she would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "controlling shareholders" (as defined in the Listing Rules) of our Company;

(iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

(i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it/he/she receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters' interests in our Group

Save for their respective obligations under the Public Offer Underwriting Agreement and the Placing Underwriting Agreement or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of the Shares or securities of our Company or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and Placing Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Placing

Placing

In connection with the Placing, we expect to enter into the Placing Underwriting Agreement on the Price Determination Date with, among others, the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the Placing Shares or procure purchasers for the Placing Shares initially being offered pursuant to the Placing. See "Structure and Conditions of the Share Offer — Placing" in this prospectus for further details.

Under the Placing Underwriting Agreement, we intend to grant to the Placing Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator on behalf of the Placing Underwriters from the date of the Placing Underwriting Agreement until 30 days from the last day for the lodging of applications under the Public Offer to require us to issue and allot up to an aggregate of 38,880,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Share Offer and at the Offer Price, to cover, among other things, any over-allocations in the Placing, if any.

Total Commission and Expenses

Our Company will pay the Sole Global Coordinator (for itself and on behalf of the other Underwriters) an underwriting commission of 3.5% of the aggregate Offer Price in respect of all of the Public Offer Shares (excluding any Offer Shares reallocated from the Placing to the Public Offer and any Offer Shares reallocated from the Public Offer to the Placing), out of which, if any, the Underwriters will pay all sub-underwriting commission the amount of which is not able to be quantified as at the date of this prospectus. The Sole Global Coordinator may receive an additional incentive fee of 1.5% of the aggregate Offer Price of the Offer Shares from the Share Offer (including proceeds from the exercise of the Over-allotment Option). For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Sole Global Coordinator and the relevant Placing Underwriters, but not the Public Offer Underwriters.

Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$0.66 (being the mid-point of the Offer Price Range between HK$0.63 and HK$0.69), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Share Offer, to be borne by us are estimated to amount in aggregate to approximately HK$27.1 million in total.

The Selling Shareholder will pay underwriting commission and brokerage fee, SFC transaction levy and Stock Exchange trading fee and any stamp duty in respect of the Sale Shares. Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$0.66 per Offer Share, being the mid-point of our indicative Offer Price Range as stated in this prospectus, the estimated listing expenses to be borne by the Selling Shareholder will be approximately HK$1.0 million.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by us of the Public Offer Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

- the Public Offer of initially 25,920,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in "The Public Offer" in this section (including the Employee Preferential Offering of up to 2,592,000 Public Offer Shares as described in the paragraph "Employee Preferential Offering" below in this section); and

- the Placing of initially 233,280,000 Offer Shares, comprising 190,080,000 new Shares being initially offered by us for subscription and 43,200,000 Sale Shares being initially offered by the Selling Shareholder for purchase (subject to reallocation and the Over-allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in reliance on Regulation S, as described in "The Placing" in this section.

Investors may either:

- apply for the Public Offer Shares under the Public Offer; or

- apply for or indicate an interest for the Placing Shares under the Placing,

but may not do both.

Eligible Employees may make an application for the Employee Reserved Shares on a **PINK** Application Form and, in addition, will be entitled to apply for Public Offer Shares under the Public Offer but may not apply for or indicate an interest for the Placing Shares under the Placing. Such Eligible Employees will receive no preference as to entitlement or allocation in respect of such further applications for Public Offer Shares under the Public Offer.

The 259,200,000 Offer Shares in the Share Offer will represent 30.0% of our enlarged share capital immediately after the completion of the Share Offer and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 33% of our enlarged share capital immediately following the completion of the Share Offer and the Capitalisation Issue.

References to applications, application forms, application monies or procedure for applications relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 25,920,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the number of Offer Shares offered under the Public Offer will represent approximately 3.0% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

Of the 25,920,000 Offer Shares initially being offered under the Public Offer, 2,592,000 Shares (representing 10% and 1% of the total number of Shares initially being offered under the Public Offer and the Share Offer, respectively) are available for subscription by Eligible Employees on a preferential basis, subject to the terms and conditions set out in this prospectus and the **PINK** Application Forms.

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set forth below in "Conditions of the Share Offer".

Allocation

Allocation of Public Offer Shares to investors under the Public Offer will be based on the level of valid applications received under the Public Offer. The basis of allocation may vary depending on the number of Public Offer Shares validly applied for by applicants. We may, if necessary, allocate the Public Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Public Offer (after taking into account of any reallocation of Offer Shares between the Public Offer and the Placing and after deducting the number of Employee Reserved Shares validly applied for under the Employee Preferential Offering) is to be divided equally into two pools:

- ***Pool A:*** The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B:*** The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 11,664,000 Public Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation. In accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, if the number of Offer Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Public Offer, the Offer Shares will be reallocated to the Public Offer from the Placing. As a result of such reallocation, the total number of Public Offer Shares will be increased to 77,760,000 Offer Shares (in the case of (i)), 103,680,000 Offer Shares (in the case of (ii)) and 129,600,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option), respectively.

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator shall have the discretion to reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If the Public Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Placing Shares (other than the Sale Shares which are to be offered for sale by the Selling Shareholder pursuant to the Placing) from the Placing to the Share Offer to satisfy valid applications under the Public Offer.

The Offer Shares (other than the Sale Shares which are to be offered for sale by the Selling Shareholder pursuant to the Placing) to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Applications

Each applicant under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Placing Shares under the Placing.

Applicants under the Public Offer are required to pay, on application, maximum price of HK$0.69 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK$5,575.63 for one board lot of 8,000 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in "Pricing and Allocation", is less than the maximum price of HK$0.69 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Public Offer Shares and Employee Reserved Shares" in this prospectus for further details.

EMPLOYEE PREFERENTIAL OFFERING

Up to 2,592,000 Employee Reserved Shares, representing 10% of the Offer Shares available under the Public Offer and 0.3% of the enlarged issued share capital of our Company upon completion of the Share Offer and the Capitalisation Issue, which are not subject to reallocation to the Placing as described in the paragraph "The Public Offer — Reallocation" above in this section, are available for subscription by Eligible Employees on a preferential basis.

The 2,592,000 Employee Reserved Shares available for application by Eligible Employees on **PINK** Application Forms will be allocated to such applicants on a basis based on the level of valid applications received under the Employee Preferential Offering and the number of Employee Reserved Shares validly applied for within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. The Employee Reserved Shares will be balloted if there are insufficient Employee Reserved Shares available to **PINK** Application Form applicants. If balloting is conducted, an Eligible Employee may be allocated more Employee Reserved Shares than others who have applied for the same number of Employee Reserved Shares. The allocation of Employee Reserved Shares to Eligible Employees will in any event be made on an equitable basis and will not be based on the identity, seniority, work performance or length of service of the Eligible Employees. No favour will be given to the Eligible Employees who apply for a large number of Employee Reserved Shares. Any application made on a **PINK** Application Form for more than 2,592,000 Employee Reserved Shares will be rejected. Allocation of Employee Reserved Shares under the Employee Preferential Offering will be based on the allocation guidelines contained in Practice Note 20 to the Listing Rules. In addition to any application for Employee Reserved Shares on a **PINK** Application Form, Eligible Employees will be entitled to apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form or by submitting application online through the designated website of the **HK eIPO White Form** Service Provider or giving electronic application instruction to HKSCC via CCASS.

As at the Latest Practicable Date, our Group had 454 Eligible Employees.

In case not all the 2,592,000 Employee Reserved Shares are subscribed for by Eligible Employees, the undersubscribed Employee Reserved Shares will be available as Public Offer Shares for subscription by the public under the Public Offer.

THE PLACING

Number of Offer Shares initially offered

The number of the Offer Shares to be initially offered for subscription by our Company and for sale by the Selling Shareholder under the Placing will be 233,280,000 Shares, representing 90% of the Offer Shares under the Share Offer. The Placing is subject to the Public Offer becoming unconditional.

Allocation

The Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

Allocation of the Placing Shares pursuant to the Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing and who has made an application under the Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any applications of Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in "The Public Offer — Reallocation" in this section or the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, it is expected that we will grant the Over-allotment Option to the Placing Underwriters, in the event that the size of the Share Offer is equal to or more than HK$100 million.

Pursuant to the Over-allotment Option, the Placing Underwriters will have the right, exercisable by the Sole Global Coordinator (on behalf of the Placing Underwriters) at any time within 30 days from the last date for lodging applications under the Public Offer, to require the Company to issue up to an aggregate of 38,880,000 Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the Offer Price under the Placing to, among other things (such as effecting the permitted stabilising actions as set out in "Stabilisation" in this section), cover over-allocations in the Placing, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 4.31% of our enlarged issued share capital immediately following the completion of the Share Offer and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager, its affiliates or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Public Offer.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on Friday, 10 March 2017, being the 30th day after the last day for lodging applications under the Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilizing bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Share Offer, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Share Offer, the Stabilising Manager may choose to enter into an agreement with the Selling Shareholder of our Company, to borrow, whether on its own or through its affiliates, up to 38,880,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Share Offer. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from the Selling Shareholder by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to the Selling Shareholder or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

- no payment will be made to the Selling Shareholder by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on Thursday, 9 February 2017, and in any event, not later than Monday, 13 February 2017.

The Offer Price will not be more than HK$0.69 per Offer Share and is expected to be not less than HK$0.63 per Offer Share, unless otherwise announced by no later than the morning of the last day for lodging applications under the Public Offer as further explained below. If you apply for the Offer Shares under the Public Offer, you must pay the maximum price of HK$0.69 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

If the Offer Price, as finally determined in the manner described below, is lower than HK$0.69, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. See "How to Apply for Public Offer Shares and Employee Reserved Shares" in this prospectus for further details.

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Public Offer publish a notice on our website at **www.pinecaregroup.com** and the website of the Stock Exchange at **www.hkexnews.hk** (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon by our Company (for ourselves and on behalf of the Selling Shareholder), will be fixed within such revised offer price range.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Public Offer. Such notice will also confirm or revise, as appropriate, the working capital statement, the Share Offer statistics as currently set out in "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

If you have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the Placing, the basis of allotment of Offer Shares available under the Public Offer and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the

Public Offer are expected to be made available in a variety of channels in the manner described in "How to Apply for Public Offer Shares and Employee Reserved Shares — 11. Publication of Results" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the exercise of the options which may be granted under the Share Option Scheme);
- the Offer Price having been agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf the Underwriters);
- the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Sunday, 26 February 2017, being the 30th date after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before Monday, 13 February 2017, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by the Company on our website at **www.pinecaregroup.com** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to Apply for Public Offer Shares and Employee Reserved Shares — 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to, among other conditions, our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the Placing Underwriting Agreement relating to the Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, are summarised in "Underwriting" in this prospectus.

DEALING ARRANGEMENTS

The Shares will be traded in board lots of 8,000 Shares each and the stock code is 1989. Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 15 February 2017, dealings in Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, 15 February 2017.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

In addition, if you are an Eligible Employee, you may also apply for Employee Reserved Shares using a **PINK** Application Form. Eligible Employees may apply for the Public Offer Shares under the Public Offer and the Employee Reserved Shares under the Employee Preferential Offering but may not apply for or indicate an interest for Placing Shares under the Placing.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Only Eligible Employees may apply for the Employee Reserved Shares with a **PINK** Application Form.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares (including any Employee Reserved Shares) if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Friday, 27 January 2017 to 12:00 noon on Wednesday, 8 February 2017 from:

(i) the following addresses of the Public Offer Underwriters:

Guotai Junan Securities (Hong Kong) Limited
27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Gransing Securities Co., Limited
805–806 Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Aristo Securities Limited
Room 101, 1st Floor, On Hong Commercial Building
145 Hennessy Road
Wanchai
Hong Kong

Changjiang Securities Brokerage (HK) Ltd
Suite 1908 19/F Cosco Tower
183 Queen's Road Central
Hong Kong

Innovax Capital Limited
Room 2002, 20/F, Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

KGI Capital Asia Limited
41/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Luk Fook Securities (HK) Limited
Units 502–6, 5/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Sinolink Securities (Hong Kong) Company Limited
Units 2503, 2505–06, 25/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

(ii) or any of the following branches of Hang Seng Bank Limited:

	Branch name	Address
Hong Kong	Head Office	83 Des Voeux Road Central
	North Point Branch	335 King's Road
Kowloon	Tsimshatsui Branch	18 Carnarvon Road
	Yaumatei Branch	363 Nathan Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 27 January 2017 to 12:00 noon on Wednesday, 8 February 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

A **PINK** Application Form together with this prospectus can be collected by Eligible Employees from our Company's head office at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong during normal business hours from 9:00 a.m. on Friday, 27 January 2017 until 12:00 noon on Tuesday, 7 February 2017. Electronic copies of the **PINK** Application Form and this prospectus can be viewed from our Company's website at **www.pinecaregroup.com** and the Stock Exchange's website at **www.hkexnews.hk**.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Hang Seng (Nominee) Limited — Pine Care Group Limited Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- 9:00 a.m. to 5:00 p.m., Friday, 27 January 2017
- 9:00 a.m. to 5:00 p.m., Wednesday, 1 February 2017
- 9:00 a.m. to 5:00 p.m., Thursday, 2 February 2017
- 9:00 a.m. to 5:00 p.m., Friday, 3 February 2017
- 9:00 a.m. to 1:00 p.m., Saturday, 4 February 2017
- 9:00 a.m. to 5:00 p.m., Monday, 6 February 2017
- 9:00 a.m. to 5:00 p.m., Tuesday, 7 February 2017
- 9:00 a.m. to 12:00 noon, Wednesday, 8 February 2017

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 8 February 2017, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

Your completed **PINK** Application Form, together with a cheque attached and marked payable to "Hang Seng (Nominee) Limited — Pine Care Group Limited Public Offer" for the payment must be returned to our Company's head office at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong by 12:00 noon on Tuesday, 7 February 2017.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of the Company, the Selling Shareholder, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to the Company, the Selling Shareholder, our Hong Kong Branch Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Selling Shareholder, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company (for ourselves and on behalf of the Selling Shareholder) and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Selling Shareholder, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **Yellow** Application Form for details.

Additional terms and conditions for the Employee Preferential Offering

You may refer to the **PINK** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 27 January 2017 until 11:30 a.m. on Wednesday, 8 February 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 8 February 2017 or such later time under the "10. Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979–7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that the Company, the Selling Shareholder, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Selling Shareholder, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, the Selling Shareholder, our Hong Kong Branch Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 8,000 Public Offer Shares. Instructions for more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 27 January 2017	—	9:00 a.m. to 8:30 p.m.(1)
Wednesday, 1 February 2017	—	8:00 a.m. to 8:30 p.m.(1)
Thursday, 2 February 2017	—	8:00 a.m. to 8:30 p.m.(1)
Friday, 3 February 2017	—	8:00 a.m. to 8:30 p.m.(1)
Saturday, 4 February 2017	—	8:00 a.m. to 1:00 p.m.(1)
Monday, 6 February 2017	—	8:00 a.m. to 8:30 p.m.(1)
Tuesday, 7 February 2017	—	8:00 a.m. to 8:30 p.m.(1)
Wednesday, 8 February 2017	—	8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 27 January 2017 until 12:00 noon on Wednesday, 8 February 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 8 February 2017, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Selling Shareholder, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Selling Shareholder, the Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 8 February 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are an Eligible Employee, you may also make an application for Employee Reserved Shares by using a **PINK** Application Form. Only one application for Employee Reserved Shares is permitted per Eligible Employee under the Employee Preferential Offering. Multiple applications or suspected multiple applications by any Eligible Employee are liable to be rejected.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE**, **YELLOW** and **PINK** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE**, **YELLOW** or **PINK** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 8,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

See "Structure of the Share Offer — Pricing and Allocation" in this prospectus for further details of the Offer Price.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 8 February 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 8 February 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the Employee Preferential Offering and the basis of allocation of the Public Offer Shares and Employee Reserved Shares on Tuesday, 14 February 2017 on the Company's website at **www.pinecaregroup.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer and the Employee Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.pinecaregroup.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Tuesday, 14 February 2017;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 14 February 2017 to 12:00 midnight on Monday, 20 February 2017;

- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 14 February 2017 to Friday, 17 February 2017 on a Business Day;

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 14 February 2017 to Thursday, 16 February 2017 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares (and, if applicable, the Employee Reserved Shares) if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. See "Structure of the Share Offer" in this prospectus for further details.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares (and the Employee Reserved Shares) is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;

- your application is for more than 100% of the Public Offer Shares initially offered in pools A or B under the Public Offer; or

- you apply for more than 2,592,000 Employee Reserved Shares.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$0.69 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure of the Share Offer — Conditions of the Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 14 February 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below) and one share certificate for all the Employee Reserved Shares allotted to you under the Employee Preferential Offering.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **PINK** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares and/or Employee Reserved Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Tuesday, 14 February 2017. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Share Offer has become unconditional and the right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE and/or PINK Application Form

If you apply for 1,000,000 or more Public Offer Shares and/or Employee Reserved Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 February 2017 or such other date as announced by our Company.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares and/or Employee Reserved Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 14 February 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 14 February 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 14 February 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 February 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 February 2017, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 14 February 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 14 February 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Tuesday, 14 February 2017. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 February 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 14 February 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 14 February 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

27 January 2017

The Directors
Pine Care Group Limited

Guotai Junan Capital Limited

Dear Sirs,

We set out below our report on the financial information of Pine Care Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 March 2014, 2015 and 2016, and the four months ended 31 July 2016 (the "Track Record Period"), the consolidated statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 July 2016, and the statements of financial position of the Company as at 31 March 2016 and 31 July 2016 together with the notes thereto (the "Financial Information"), and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 31 July 2015 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 27 January 2017 (the "Prospectus") in connection with the listing (the "Listing") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 August 2015. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 2.1 of Section II below, the Company became the holding company of the subsidiaries comprising the Group on 24 May 2016. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Track Record Period, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 March as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Track Record Period are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 March 2014, 2015 and 2016, and the four months ended 31 July 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 July 2016 and of the Company as at 31 March 2016 and 31 July 2016, and of the Group's financial performance and cash flows for each of the Track Record Period.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

(a) Consolidated statements of profit or loss

		Year ended 31 March			Four months ended 31 July	
	Notes	2014	2015	2016	2015	2016
		HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
CONTINUING OPERATIONS						
REVENUE	6	147,937	163,785	172,749	56,887	59,275
Other income and gains	6	4,324	25,804	5,353	6,516	9,062
Depreciation		(11,151)	(8,612)	(8,721)	(2,925)	(2,666)
Staff costs		(66,995)	(72,486)	(76,190)	(25,232)	(24,299)
Property rental and related expenses		(13,939)	(15,810)	(16,573)	(5,388)	(5,722)
Food and beverage costs		(7,823)	(8,271)	(8,518)	(2,695)	(2,701)
Utility expenses		(6,244)	(6,932)	(7,051)	(2,777)	(2,890)
Supplies and consumables		(5,359)	(5,475)	(5,630)	(2,034)	(1,837)
Repair and maintenance		(1,962)	(1,586)	(1,344)	(521)	(718)
Other operating expenses		(10,886)	(16,067)	(11,909)	(4,383)	(4,307)
Other expenses		(4,334)	—	(4,593)	(1,537)	(964)
Listing expenses		—	—	(1,648)	—	(4,881)
Finance costs	8	(5,892)	(5,705)	(4,820)	(1,687)	(1,325)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	7	17,676	48,645	31,105	14,224	16,027
Income tax expense	10	(3,392)	(5,893)	(5,285)	(2,192)	(2,426)
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		14,284	42,752	25,820	12,032	13,601
DISCONTINUED OPERATIONS						
Profit for the year/period from discontinued operations	11(a)	850	1,791	1,435	902	1,047
PROFIT FOR THE YEAR/PERIOD		15,134	44,543	27,255	12,934	14,648
Attributable to:						
Owners of the parent		14,439	43,291	27,255	12,934	14,648
Non-controlling interests		695	1,252	—	—	—
		15,134	44,543	27,255	12,934	14,648

(b) Consolidated statements of comprehensive income

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
PROFIT FOR THE YEAR/PERIOD	15,134	44,543	27,255	12,934	14,648
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Available-for-sale investments:					
Changes in fair value	(445)	(2,614)	2,350	2,350	—
Reclassification adjustments for gains and losses included in the consolidated statements of profit or loss — (gains)/losses on disposal	114	1,627	(1,100)	(1,100)	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	(331)	(987)	1,250	1,250	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	14,803	43,556	28,505	14,184	14,648
Attributable to:					
Owners of the parent	14,108	42,304	28,505	14,184	14,648
Non-controlling interests	695	1,252	—	—	—
	14,803	43,556	28,505	14,184	14,648

(c) Consolidated statements of financial position

	Notes	31 March 2014	31 March 2015	31 March 2016	31 July 2016
		HK$'000	HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	196,723	199,822	193,381	190,849
Investment properties	15	51,900	36,900	—	—
Available-for-sale investments	16	14,441	13,662	—	—
Financial assets at fair value through profit or loss	23	12,298	7,509	2,755	2,768
Prepayments, deposits and other receivables	18	10,307	9,098	4,395	4,311
Goodwill	19	33,833	33,833	33,833	33,833
Deferred tax assets	30	2,833	2,389	3,351	3,284
Total non-current assets		322,335	303,213	237,715	235,045
CURRENT ASSETS					
Non-current assets classified as held for sale	14	—	—	3,263	—
Investment properties classified as held for sale	15	—	22,500	14,050	14,050
Prepayments, deposits and other receivables	18	3,296	3,445	4,223	8,807
Inventories		163	172	—	—
Trade receivables	17	2,282	1,349	913	1,257
Financial assets at fair value through profit or loss	23	40,579	37,422	4,861	—
Due from directors	20	10,791	12,649	2,481	897
Due from shareholders	22	9,097	3,980	—	—
Tax recoverable		1,443	2,365	2,101	1,413
Cash and cash equivalents	24	11,288	17,992	17,268	34,217
		78,939	101,874	49,160	60,641
Assets of disposal groups classified as held for sale	11(c)	—	—	27,252	25,166
Total current assets		78,939	101,874	76,412	85,807

(c) Consolidated statements of financial position (continued)

	Notes	31 March 2014 HK$'000	31 March 2015 HK$'000	31 March 2016 HK$'000	31 July 2016 HK$'000
CURRENT LIABILITIES					
Trade payables	25	1,010	2,051	2,241	1,894
Other payables and accruals	26	10,838	14,489	13,892	15,086
Dividend payable		—	2,359	—	—
Due to related companies	21	1,019	9	—	—
Due to directors	20	4,581	4,270	4,583	—
Due to shareholders	22	1,848	711	—	—
Interest-bearing bank and other borrowings	27	292,465	268,062	38,573	37,673
Tax payable		2,898	3,093	4,605	5,620
		314,659	295,044	63,894	60,273
Liabilities directly associated with the assets of disposal groups classified as held for sale	11(c)	—	—	7,895	6,493
Total current liabilities		314,659	295,044	71,789	66,766
NET CURRENT (LIABILITIES)/ASSETS		(235,720)	(193,170)	4,623	19,041
TOTAL ASSETS LESS CURRENT LIABILITIES		86,615	110,043	242,338	254,086
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	27	200	60	160,023	157,097
Provision for long service payments	29	2,934	3,676	3,713	3,769
Deferred tax liabilities	30	15,166	15,764	14,683	14,653
Total non-current liabilities		18,300	19,500	178,419	175,519
Net assets		68,315	90,543	63,919	78,567
EQUITY					
Equity attributable to owners of the parent					
Share capital	31	—	—	—	—
Reserves	32	66,642	87,618	63,919	78,567
		66,642	87,618	63,919	78,567
Non-controlling interests		1,673	2,925	—	—
Total equity		68,315	90,543	63,919	78,567

(d) Consolidated statements of changes in equity

	Note	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Available-for-sale investment revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent								
		HK$'000 *(Note 31)*	HK$'000	HK$'000 *(Note 32)*	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013		—	—	29,798	1,691	68	16,977	48,534	1,082	49,616
Profit for the year		—	—	—	—	—	14,439	14,439	695	15,134
Other comprehensive loss for the year:										
Change in fair value of available-for-sale investments		—	—	—	—	(445)	—	(445)	—	(445)
Reclassification adjustments for gains and losses included in the consolidated statement of profit or loss		—	—	—	—	114	—	114	—	114
Total comprehensive income/(loss) for the year		—	—	—	—	(331)	14,439	14,108	695	14,803
Capital contributions by the then equity owners		—	—	4,000	—	—	—	4,000	—	4,000
Dividend paid to a non-controlling shareholder	12	—	—	—	—	—	—	—	(104)	(104)
At 31 March 2014 and 1 April 2014		—	—*	33,798*	1,691*	(263)*	31,416*	66,642	1,673	68,315
Profit for the year		—	—	—	—	—	43,291	43,291	1,252	44,543
Other comprehensive income/(loss) for the year:										
Change in fair value of available-for-sale investments		—	—	—	—	(2,614)	—	(2,614)	—	(2,614)
Reclassification adjustments for gains and losses included in the consolidated statement of profit or loss		—	—	—	—	1,627	—	1,627	—	1,627
Total comprehensive income/(loss) for the year		—	—	—	—	(987)	43,291	42,304	1,252	43,556
Dividends	12	—	—	—	—	—	(21,328)	(21,328)	—	(21,328)
At 31 March 2015		—	—*	33,798*	1,691*	(1,250)*	53,379*	87,618	2,925	90,543

(d) Consolidated statements of changes in equity (continued)

	Note	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Available-for-sale investment revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent								
		HK$'000 *(Note 31)*	HK$'000	HK$'000 *(Note 32)*	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015		—	—	33,798	1,691	(1,250)	53,379	87,618	2,925	90,543
Profit for the year		—	—	—	—	—	27,255	27,255	—	27,255
Other comprehensive income for the year:										
Change in fair value of available-for-sale investments		—	—	—	—	2,350	—	2,350	—	2,350
Reclassification adjustments for gains and losses included in the consolidated statement of profit or loss		—	—	—	—	(1,100)	—	(1,100)	—	(1,100)
Total comprehensive income for the year		—	—	—	—	1,250	27,255	28,505	—	28,505
Dividends	12	—	—	—	—	—	(52,204)	(52,204)	—	(52,204)
Dividends paid to a non-controlling shareholder	12	—	—	—	—	—	—	—	(2,885)	(2,885)
Acquisition of a non-controlling interest		—	—	—	—	—	—	—	(40)	(40)
At 31 March 2016 and 1 April 2016		—	—*	33,798*	1,691*	—*	28,430*	63,919	—	63,919
Profit for the period		—	—	—	—	—	14,648	14,648	—	14,648
Total comprehensive income for the period		—	—	—	—	—	14,648	14,648	—	14,648
At 31 July 2016		—	—*	33,798*	1,691*	—*	43,078	78,567	—	78,567
At 1 April 2015		—	—	33,798	1,691	(1,250)	53,379	87,618	2,925	90,543
Profit for the period		—	—	—	—	—	12,934	12,934	—	12,934
Other comprehensive income for the period:										
Change in fair value of available-for-sale investments		—	—	—	—	2,350	—	2,350	—	2,350
Reclassification adjustments for gains and losses included in the consolidated statement of profit or loss		—	—	—	—	(1,100)	—	(1,100)	—	(1,100)
Total comprehensive income for the period		—	—	—	—	1,250	12,934	14,184	—	14,184
Dividends paid to a non-controlling shareholder	12	—	—	—	—	—	—	—	(2,885)	(2,885)
Acquisition of a non-controlling interest		—	—	—	—	—	—	—	(40)	(40)
At 31 July 2015 (unaudited)		—	—	33,798	1,691	—	66,313	101,802	—	101,802

* These reserve accounts comprise the consolidated reserves of HK$66,642,000, HK$87,618,000, HK$63,919,000 and HK$78,567,000 in the consolidated statements of financial position as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

(e) Consolidated statements of cash flows

	Notes	Year ended 31 March			Four months ended 31 July	
		2014	2015	2016	2015	2016
		HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax:						
From continuing operations		17,676	48,645	31,105	14,224	16,027
From discontinued operations	11(a)	1,008	2,092	1,679	1,064	1,247
Adjustments for:						
Finance costs	8	5,892	5,705	4,820	1,687	1,325
Interest income	7	(269)	(1)	(1)	(1)	(2)
Dividend income	7	(1,703)	(2,584)	(519)	(519)	—
Depreciation	14	11,218	8,678	8,728	2,925	2,666
Fair value (gain)/loss on investment properties, net	7	(260)	(8,800)	1,840	(960)	—
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net	7	1,204	(4,742)	(3,742)	(4,754)	57
(Gain)/loss on disposal of available-for-sale investments	7	(114)	(1,627)	1,100	1,100	—
Gain on disposal of non-current assets classified as held for sale	7	—	—	—	—	(8,643)
Gain on disposal of items of property, plant and equipment	7	—	—	—	—	(112)
Loss on disposal of investment properties, net	7	—	—	195	225	—
Fair value loss/(gain) on financial assets at fair value through profit or loss, net	7	3,130	(6,621)	(107)	212	(13)
Provision for long service payments, net		—	742	37	110	56
Impairment loss on disposal groups classified as held for sale	7	—	—	1,430	—	—
		37,782	41,487	46,565	15,313	12,608

(e) Consolidated statements of cash flows (continued)

	Notes	Year ended 31 March			Four months ended 31 July	
		2014	2015	2016	2015	2016
		HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Decrease/(increase) in trade receivables		3,448	933	178	(680)	(286)
Decrease/(increase) in inventories		15	(9)	(5)	—	(10)
Decrease/(increase) in prepayments, deposits and other receivables		11	1,060	(2,435)	(11)	(2,418)
(Decrease)/increase in trade payables		(2,136)	1,041	296	(479)	(377)
(Decrease)/increase in other payables and accruals		(5,491)	1,401	1,846	(878)	1,178
Increase/(decrease) in amounts due to related companies		1,010	(1,010)	(9)	—	—
Cash generated from operations		34,639	44,903	46,436	13,265	10,695
Hong Kong profits tax paid		(2,973)	(5,882)	(5,845)	(217)	(612)
Interest received		269	1	1	1	2
Interest paid		(5,892)	(5,705)	(4,820)	(1,687)	(1,325)
Net cash flows from operating activities		26,043	33,317	35,772	11,362	8,760

(e) Consolidated statements of cash flows (continued)

	Notes	Year ended 31 March 2014 HK$'000	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	Four months ended 31 July 2015 HK$'000 (Unaudited)	Four months ended 31 July 2016 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	14	(1,954)	(11,777)	(14,136)	(13,759)	(164)
Purchases of investment properties	15	(5,755)	—	—	—	—
Increase in prepayment for acquisition of property, plant and equipment		—	—	—	—	(373)
Acquisition of a subsidiary	33	1,156	—	—	—	—
Dividends received		1,703	2,584	519	519	—
Purchases of available-for-sale investments		(14,704)	(10,009)	—	—	—
Proceeds from disposal of items of property, plant and equipment		149	—	—	—	142
Proceeds from disposal of non-current assets classified as held for sale		—	—	—	—	11,906
Proceeds from disposal of available-for-sale investments		5,165	11,429	13,812	13,812	—
Proceeds from disposal of investment properties		—	1,300	25,255	25,255	—
Deposit received for sale of an investment property		—	2,250	—	—	—
Deposits for renovation works (paid)/refunded		(2,835)	—	6,215	—	—
Purchase of financial assets at fair value through profit or loss		(44,873)	(9,056)	—	—	—
Proceeds from disposal of financial assets at fair value through profit or loss		29,180	28,365	41,164	32,629	4,804
(Increase)/decrease in amounts due from shareholders		(6,470)	5,117	3,980	(25)	—
(Increase)/decrease in amounts due from directors		(5,684)	(1,858)	10,168	(7,056)	1,584
Net cash flows (used in)/from investing activities		(44,922)	18,345	86,977	51,375	17,899

(e) Consolidated statements of cash flows (continued)

	Notes	Year ended 31 March			Four months ended 31 July	
		2014	2015	2016	2015	2016
		HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contributions by the then equity owners		4,000	—	—	—	—
New bank loans		56,311	5,000	—	—	4,000
Repayment of bank loans		(32,693)	(30,665)	(62,070)	(44,413)	(7,977)
New finance lease		399	—	—	—	—
Capital element of finance lease rental payments		(115)	(129)	(140)	(45)	(60)
Increase in prepayment for listing expenses		—	—	—	—	(1,708)
Acquisition of a non-controlling interest		—	—	(40)	(40)	—
(Decrease)/increase in amounts due to shareholders		(6,502)	(1,137)	(711)	2	—
Increase/(decrease) in amounts due to directors		1,468	(311)	1,824	(4,198)	(6,094)
Dividends paid	12	—	(18,969)	(54,563)	(2,359)	—
Dividends paid to a non-controlling shareholder	12	(104)	—	(2,885)	(2,885)	—
Net cash flows from/(used in) financing activities		22,764	(46,211)	(118,585)	(53,938)	(11,839)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,885	5,451	4,164	8,799	14,820
Cash and cash equivalents at beginning of year/period		7,402	11,287	16,738	16,738	20,902
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		11,287	16,738	20,902	25,537	35,722
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	24	11,288	17,992	17,268	27,485	34,217
Cash and cash equivalents as stated in the consolidated statements of financial position		11,288	17,992	17,268	27,485	34,217
Bank overdrafts	27	(1)	(1,254)	—	(1,948)	(118)
Cash and bank balances attributable to disposal groups	11(c)	—	—	3,634	—	1,623
Cash and cash equivalents as stated in the consolidated statements of cash flows		11,287	16,738	20,902	25,537	35,722

(f) Statements of financial position

	Note	31 March 2016	31 July 2016
		HK$'000	HK$'000
NON-CURRENT ASSET			
Investment in a subsidiary		—*	—*
Total non-current asset		—*	—*
CURRENT ASSET			
Cash and bank balances		—*	—*
Total current asset		—*	—*
CURRENT LIABILITY			
Due to a director		—*	—*
Total current liability		—*	—*
NET CURRENT LIABILITIES		—*	—*
TOTAL ASSETS LESS CURRENT LIABILITY		—*	—*
Net assets		—*	—*
EQUITY			
Share capital	31	—*	—*
Reserve		—	—
Total equity		—*	—*

* Less than HK$1,000

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY 1-1111, Cayman Islands.

The Company is an investment holding company. During the Track Record Period, the Group is principally engaged in investment holding and the provision of elderly home care services.

The Company is a wholly-owned subsidiary of Pine Active Care Limited ("Pine Active Care"), a company incorporated in the British Virgin Islands (the "BVI"). In the opinion of the Directors, the Company's ultimate holding company is Top Benchmark Limited, a company incorporated in the BVI.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" in the Prospectus.

As at the end of the Track Record Period, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Company name	Place of incorporation/ business and date of incorporation	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pine Care Health Initiative Limited[(a)]	BVI 26 August 2015	US$1	100	—	Investment holding
Prime Health Holdings Limited ("Prime Health")[(b)]	Hong Kong 10 January 2001	HK$98,418,468	—	100	Investment holding
Pine Care Elderly Home Development Limited[(b)]	Hong Kong 16 February 2001	HK$40,000,000	—	100	Investment holding and provision of management services
Pine Care Centre Limited[(b)]	Hong Kong 9 July 1982	HK$107,000	—	100	Investment holding and provision of elderly home care services
Pacific First Limited[(b)]	Hong Kong 9 November 1995	HK$1,070	—	100	Provision of elderly home care services
Besting Holdings Limited[(b)]	Hong Kong 18 March 1998	HK$120,000	—	100	Investment holding and provision of elderly home care services
Hinta Enterprises Limited ("Hinta Enterprises")[(b)]	Hong Kong 19 July 1994	HK$10,000	—	100	Provision of elderly home care services
Fitbest Corporation Limited[(b)]	Hong Kong 3 November 2000	HK$500,000	—	100	Investment holding and provision of elderly home care services
Masswell Development Limited[(b)]	Hong Kong 8 September 2004	HK$10,000	—	100	Provision of elderly home care services

Company name	Place of incorporation/ business and date of incorporation	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gericare Centre Limited ("Gericare Centre")[(b)]	Hong Kong 6 June 1997	HK$100	—	100	Provision of elderly home care services
Fitgarden Limited[(b)]	Hong Kong 3 September 1987	HK$2,500,000	—	100	Property investment
Mainfield Limited[(b)]	Hong Kong 28 November 1996	HK$2	—	100	Property investment
Chun Fai Development Limited[(b)]	Hong Kong 10 December 1985	HK$100,000	—	100	Property investment
Grant Smart Development Limited ("Grant Smart")[(b)]	Hong Kong 28 February 2000	HK$10,000	—	100	Property investment
Wellfield Properties Development Limited[(b)]	Hong Kong 23 September 2005	HK$10,000	—	100	Property investment
Ruby International Investment Limited ("Ruby International")[(b)]	Hong Kong 9 April 1997	HK$5	—	100	Property investment
Manchester Rehabilitation Services Limited ("Manchester Rehabilitation")[(b)]	Hong Kong 30 March 2011	HK$1	—	100	Provision of rehabilitation and physiotherapy services
Witmart Design & Construction Co. Limited[(b)]	Hong Kong 16 March 1993	HK$2	—	100	Provision of repair and maintenance services
Fully Trend Limited ("Fully Trend")[(b)]	Hong Kong 24 October 2007	HK$10,000	—	100	Property investment
Pine Care Elite Limited[(c)]	Hong Kong 31 December 2015	HK$10,000	—	100	Dormant
Grand Prosper (BVI) Limited[(a)]	BVI 7 April 2010	US$3	—	100	Investment holding

Notes:

(a) No statutory financial statements have been prepared for these entities since their incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

(b) The statutory financial statements of these entities for the year ended 31 March 2014 prepared under HKFRSs were audited by Vincent Mak & Company, certified public accountants registered in Hong Kong. The statutory financial statements of these entities for the years ended 31 March 2015 and 2016 prepared under HKFRSs were audited by Ernst & Young, certified public accountants registered in Hong Kong.

(c) No statutory financial statements for the years ended 31 March 2014, 2015 and 2016 have been prepared for this entity since it was incorporated on 31 December 2015.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" in the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on 24 May 2016. As the Reorganisation involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substance, the Financial Information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as at 31 March 2014, 2015 and 2016 and 31 July 2016 present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates.

All significant intragroup transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period and in the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for investment properties, investment properties classified as held for sale, available-for-sale investments and financial assets at fair value through profit or loss which have been measured at fair value. Disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell as further explained in note 3 to the Financial Information. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, to the Financial Information.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 2	*Classification and measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition on Deferred Tax Assets for unrealised losses*[1]
Amendments to HKFRS 15	*Revenue from Contracts with Customers (Clarification to HKFRS 15)*[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
5 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs which are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group performed high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on current available information and may be subject to changes arising from future detailed analysis or additional reasonable and supportable information being made available to the Group in the future. The Group's expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

The adoption of HKFRS 9 might have an impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures. In particular, the adoption of an expected credit losses impairment model might result in earlier recognition of credit losses of the Group's trade receivables.

Amendments to HKFRS 2 provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group expects to adopt the amendments on 1 April 2018 and is currently assessing the impact upon adoption.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. In June 2016, the HKICPA issued further amendments to HKFRS 15 to address certain implementation issues, relating to identification of a performance obligation, application guidance on principal versus agent and licenses of intellectual property; and to add two practical expedients to the transition requirement. The Group expects to adopt HKFRS 15 on 1 April 2018.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group is in the process of making an assessment of the potential impact of the application of HKFRS 15 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review is performed by the Group. The impact to the Group is expected to include more comprehensive disclosure as requested by the new standard. In addition, contract that contains two or more performance obligations would be accounted for separately and this might have an impact on the pattern of revenue and profit recognition.

In May 2016, the HKICPA issued HKFRS 16, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For lessors, there is little change to the existing accounting in HKAS 17 *Leases*. The Group expects to adopt HKFRS 16 on 1 April 2019.

As set out in note 35(b) to the Financial Information, total operating lease commitments of the Group in respect of its elderly centres as at 31 July 2016 amounted to HK$53,868,000. The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Amendments to HKAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are to be applied retrospectively.

Amendments to HKAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are to be applied retrospectively. On initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, land and buildings, available-for-sale investments and financial assets at fair value through profit or loss at fair value at the end of each of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease term and 14%–20%
Furniture, fixtures and other equipment	14%–30%
Motor vehicles	30%–33%
Leasehold land under finance leases	Over the lease terms
Buildings	Over the shorter of 50 years and the remaining lease term of the underlying leasehold land

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets of disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Impairment of non-financial assets

The Group assesses at the end of each of the Track Record Period whether there is an indication that an asset may be impaired. If such an indication exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the statement of profit or loss in the year in which it arises.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Financial instruments

The Company classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. Regular way purchases and sales of the financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset.

(a) Financial assets designated as at fair value through profit or loss

A financial asset is classified in this category if it is held for trading, or upon initial recognition, the asset is designated as at fair value through profit or loss and it meets any of the following criteria: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial asset or recognising the gains and losses on it on a different basis; or (ii) the asset is part of a group of financial assets that are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would be separately recorded.

Financial assets so designated are recognised initially at fair value, with transaction costs taken directly to the statement of profit or loss, and are subsequently remeasured at fair value. This designation, once made, is irrevocable in respect of the financial asset to which it is made.

Gains and losses from changes in the fair value of such financial assets are recognised in the statement of profit or loss as they arise, together with the related interest income and expenses and dividends.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Company recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

(c) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

Available-for-sale financial investments are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are remeasured at fair value with changes in fair value recognised as other comprehensive income in the available-for-sale investment valuation reserve until the securities are either sold or impaired. On disposal of available-for-sale securities, cumulative gains or losses are recognised in the statement of profit or loss and removed from the available-for-sale investment valuation reserve.

If an available-for-sale financial asset measured at fair value is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair values after impairment are recognised directly in other comprehensive income. Impairment losses on debt instruments are reversed through the statement of profit or loss, if the increase in the fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

When the fair value of unquoted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating the fair value, such securities are stated at cost less any impairment losses.

If there is objective evidence that an impairment loss has been incurred on such unquoted equity securities, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(d) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

(e) Other financial liabilities

Other financial liabilities include bank and other borrowings, trade payables, accruals and other monetary liabilities. All other financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services when the relevant services have been rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is presented as a deduction from the related expenses on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Provision for long service payments

The Group's net obligation in respect of amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service as at the end of the reporting period. Long service payments are discounted to determine the present value of obligation, when the effect of discounting is material, and reduced by entitlement accrued under the Group's defined contribution plan that is attributable to contributions made by the Group.

Borrowing costs

Borrowing costs are expensed in the statement of profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2014, 2015 and 2016 and 31 July 2016 was HK$33,833,000. Further details are given in note 19 to the Financial Information.

Deferred tax assets

Deferred tax assets are recognised for accelerated depreciation on property, plant and equipment, unrealised fair value changes on financial assets at fair value through profit or loss, and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets at 31 March 2014, 2015 and 2016 and 31 July 2016 were HK$2,833,000, HK$2,389,000, HK$3,351,000 and HK$3,284,000, respectively.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of elderly home care services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue was derived solely from its operations in Hong Kong during the Track Record Period, and the non-current assets of the Group were located in Hong Kong as at 31 March 2014, 2015 and 2016 and 31 July 2016.

Information about a major customer

Revenue of approximately HK$70,162,000, HK$82,739,000, HK$86,461,000 and HK$29,599,000 for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 (the four months ended 31 July 2015: HK$28,820,000), respectively, was derived from the Hong Kong Government under Enhanced Bought Place Scheme, which amounted to more than 10% of the Group's revenue.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered and the net invoiced value of goods sold during the Track Record Period.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Revenue					
Rendering of elderly home care services	125,006	139,490	146,919	48,315	50,979
Sale of elderly home related goods and provision of health care services	22,931	24,295	25,830	8,572	8,296
	147,937	163,785	172,749	56,887	59,275
Other income					
Interest income	269	1	1	1	2
Dividend income	1,703	2,584	519	519	—
Rental income	1,349	1,339	909	269	275
Others	606	90	75	13	17
	3,927	4,014	1,504	802	294
Gains					
Gain on disposal of available-for-sale investments	114	1,627	—	—	—
Gain on disposal of financial assets at fair value through profit or loss, net	—	4,742	3,742	4,754	—
Gain on disposal of non-current assets classified as held for sale	—	—	—	—	8,643
Gain on disposal of items of property, plant and equipment	—	—	—	—	112
Fair value gain on investment properties, net	260	8,800	—	960	—
Fair value gain on financial assets at fair value through profit or loss, net	—	6,621	107	—	13
Others	23	—	—	—	—
	397	21,790	3,849	5,714	8,768
	4,324	25,804	5,353	6,516	9,062

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	Year ended 31 March 2014 HK$'000	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	Four months ended 31 July 2015 HK$'000 (Unaudited)	Four months ended 31 July 2016 HK$'000
Cost of inventories sold		13,182	13,746	14,148	4,729	4,538
Depreciation		11,151	8,612	8,721	2,925	2,666
Auditors' remuneration		286	478	524	175	400
Staff costs (excluding directors' remuneration *(note 9)*):						
Wages and salaries		71,764	74,980	79,396	26,334	26,120
Pension scheme contributions		3,281	3,475	3,511	1,148	1,245
Provision for long service payments	29	—	742	428	110	56
		75,045	79,197	83,335	27,592	27,421
Health care referral service charges****/##		170	1,832	433	196	—
Minimum lease payments under operating leases of land and buildings		10,247	11,938	12,996	4,162	4,515
Loss/(gain) on disposal of available-for-sale investments*/**		(114)	(1,627)	1,100	1,100	—
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net*/**		1,204	(4,742)	(3,742)	(4,754)	57
Gain on disposal of items of property, plant and equipment		—	—	—	—	(112)
Gain on disposal of non-current assets classified as held for sale		—	—	—	—	(8,643)
Fair value loss/(gain) on investment properties, net*/**	15	(260)	(8,800)	1,840	(960)	—
Fair value loss/(gain) on financial assets at fair value through profit or loss, net*/**		3,130	(6,621)	(107)	212	(13)
Loss on disposal of investment properties, net**		—	—	195	225	—
Bond interest income*		(187)	—	—	—	—
Bank interest income*		(82)	(1)	(1)	(1)	(2)
Impairment loss on disposal groups classified as held for sale**		—	—	1,430	—	—
Dividend income*		(1,703)	(2,584)	(519)	(519)	—
Government grants***/#		(9,576)	(8,024)	(9,161)	(3,035)	(3,449)

* Included in "Other income and gains" on the face of the consolidated statements of profit or loss

** Included in "Other expenses" on the face of the consolidated statements of profit or loss

*** Included in "Staff costs" on the face of the consolidated statements of profit or loss

**** Included in "Other operating expenses" on the face of the consolidated statements of profit or loss

Various government grants have been received for the welfare of the elderly in the Group's elderly home care centres. There are no unfulfilled conditions or contingencies relating to these grants.

Included in the other operating expenses for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 are the service charges of HK$170,000, HK$1,832,000, HK$433,000 and nil (the four months ended 31 July 2015: HK$196,000), respectively, paid by the Group to Well Mount Limited for the provision of health care referral services. Details of the relationship between the Group and Well Mount Limited are set out in note 18 to the Financial Information.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Interest on bank loans	5,735	5,660	4,729	1,667	1,311
Interest on bank overdrafts	140	26	82	16	1
Interest on finance leases	17	19	9	4	13
	5,892	5,705	4,820	1,687	1,325

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Mr. Yim Ting Kwok, Ms. Cho Wing Yin, Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin, Mr. Ng Kwok Fu Alex, Mr. Lam Yat Hon, Mr. Ma Wing Wah, Mr. Shek Kam Ming, Dr. Ho Chi Tim and Ms. Chu Lai King were appointed as directors on 18 August 2015. Mr. Chan Yip Keung was appointed as director on 30 April 2016. Dr. Ho Chi Tim, Mr. Shek Kam Ming and Ms. Chu Lai King resigned as directors on 30 April 2016. Mr. Yim Billy Pui Kei was appointed as the chief executive officer of the Company on 7 September 2016.

The Group did not have any independent non-executive directors at any time during the Track Record Period. Subsequent to the end of the Track Record Period, Mr. Liu Kwong Sang, Dr. Wong Ping San John, Dr. Liu Yuk Shing and Mr. Liu Walter Joseph were appointed as independent non-executive directors of the Company on 23 January 2017.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

(a) Directors' and chief executive's remuneration

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Fees	578	300	480	160	124
Other emoluments:					
Salaries, allowances and benefits in kind	908	972	1,473	496	192
Pension scheme contributions	40	41	63	19	11
	948	1,013	1,536	515	203
	1,526	1,313	2,016	675	327

The remuneration of each of the directors and chief executive for the year ended 31 March 2014 is set out below:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	24	—	—	24
Ms. Cho Wing Yin	24	—	—	24
Mr. Yim Billy Pui Kei	170	—	—	170
Mr. Yim Edwin Pui Hin	24	—	—	24
Dr. Ho Chi Tim*	24	490	25	539
Ms. Chu Lai King	24	418	15	457
Mr. Chan Yip Keung	—	—	—	—
Mr. Ng Kwok Fu Alex	216	—	—	216
Mr. Lam Yat Hon	24	—	—	24
Mr. Ma Wing Wah	24	—	—	24
Mr. Shek Kam Ming	24	—	—	24
	578	908	40	1,526

The remuneration of each of the directors and chief executive for the year ended 31 March 2015 is set out below:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	30	—	—	30
Ms. Cho Wing Yin	30	—	—	30
Mr. Yim Billy Pui Kei	30	—	—	30
Mr. Yim Edwin Pui Hin	30	—	—	30
Dr. Ho Chi Tim*	30	525	26	581
Ms. Chu Lai King	30	447	15	492
Mr. Chan Yip Keung	—	—	—	—
Mr. Ng Kwok Fu Alex	30	—	—	30
Mr. Lam Yat Hon	30	—	—	30
Mr. Ma Wing Wah	30	—	—	30
Mr. Shek Kam Ming	30	—	—	30
	300	972	41	1,313

The remuneration of each of the directors and chief executive for the year ended 31 March 2016 is set out below:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	48	—	—	48
Ms. Cho Wing Yin	48	—	—	48
Mr. Yim Billy Pui Kei	48	—	—	48
Mr. Yim Edwin Pui Hin	48	—	—	48
Dr. Ho Chi Tim*	48	629	31	708
Ms. Chu Lai King	48	491	18	557
Mr. Chan Yip Keung	—	353	14	367
Mr. Ng Kwok Fu Alex	48	—	—	48
Mr. Lam Yat Hon	48	—	—	48
Mr. Ma Wing Wah	48	—	—	48
Mr Shek Kam Ming	48	—	—	48
	480	1,473	63	2,016

The remuneration of each of the directors and chief executive for the four months ended 31 July 2016 is set out below:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	16	—	—	16
Ms. Cho Wing Yin	16	—	—	16
Mr. Yim Billy Pui Kei	16	—	—	16
Mr. Yim Edwin Pui Hin	16	—	—	16
Dr. Ho Chi Tim*	4	51	3	58
Ms. Chu Lai King	4	28	2	34
Mr. Chan Yip Keung	—	113	6	119
Mr. Ng Kwok Fu Alex	16	—	—	16
Mr. Lam Yat Hon	16	—	—	16
Mr. Ma Wing Wah	16	—	—	16
Mr. Shek Kam Ming	4	—	—	4
	124	192	11	327

The remuneration of each of the directors and chief executive for the four months ended 31 July 2015 is set out below:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
(Unaudited)				
Mr. Yim Ting Kwok	16	—	—	16
Ms. Cho Wing Yin	16	—	—	16
Mr. Yim Billy Pui Kei	16	—	—	16
Mr. Yim Edwin Pui Hin	16	—	—	16
Dr. Ho Chi Tim*	16	210	10	236
Ms. Chu Lai King	16	160	6	182
Mr Chan Yip Keung	—	126	3	129
Mr. Ng Kwok Fu Alex	16	—	—	16
Mr. Lam Yat Hon	16	—	—	16
Mr. Ma Wing Wah	16	—	—	16
Mr. Shek Kam Ming	16	—	—	16
	160	496	19	675

* *The remuneration of Dr. Ho Chi Tim included the service fee paid by the Group to him for acting as a visiting medical officer. Further details are included in note 37 to the Financial Information.*

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

The remuneration paid by the subsidiaries being classified as discontinued operations for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2015 and 2016 to two executive directors, Dr. Ho Chi Tim and Ms. Chu Lai King, is HK$1,793,000, HK$1,306,000, HK$2,113,000, HK$230,000 and HK$91,000, respectively, and HK$41,000, HK$41,000, HK$45,000, HK$16,000 and HK$4,000, respectively.

(b) Five highest paid individuals

Two, one, two, two and none of the highest paid individuals were directors of the Company for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2015 and 2016, respectively. Details of their remuneration are set out in note 9(a) above. For the purpose of the analysis of the five highest paid individuals, the remuneration paid by the subsidiaries being classified as discontinued operations have not been taken into account. Details of the remuneration of the remaining non-director, highest paid employees for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2015 and 2016 are as follows:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Salaries, allowances and benefits in kind	1,662	2,352	2,067	633	1,040
Pension scheme contributions	45	70	54	18	30
	1,707	2,422	2,121	651	1,070

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015 (Unaudited)	2016
Nil to HK$1,000,000	3	4	3	3	5

During the Track Record Period, no emoluments were paid by the Group to the directors or any of the non-director, highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office nor has any director waived or agreed to waive any emoluments.

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Period.

An analysis of the income tax expenses for the Track Record Period is as follows:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Current — Hong Kong					
Charge for the year/period	3,782	4,846	7,376	3,401	2,231
Underprovision in prior years	10	—	—	—	—
Deferred	(400)	1,047	(2,091)	(1,209)	195
Total tax charge for the year/period	3,392	5,893	5,285	2,192	2,426

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rate (i.e. the statutory tax rate) to the effective tax rates, are as follows:

	Year ended 31 March						Four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000 (Unaudited)	%	HK$'000	%
Profit before tax from continuing operations	17,676		48,645		31,105		14,224		16,027	
Tax at the statutory tax rate	2,916	16.5	8,026	16.5	5,132	16.5	2,347	16.5	2,644	16.5
Income not subject to tax	(433)	(2.5)	(1,957)	(4.0)	(165)	(0.5)	(282)	(2.0)	(1,474)	(9.2)
Expenses not deductible for tax	846	4.8	237	0.5	1,496	4.8	664	4.7	1,118	7.0
Tax losses not recognised	1,009	5.7	51	0.1	151	0.5	21	0.1	72	0.4
Tax loss utilised from previous periods	(835)	(4.7)	(233)	(0.5)	(153)	(0.5)	(48)	(0.3)	—	—
Adjustments in respect of current tax of previous periods	10	0.1	—	—	—	—	—	—	—	—
Adjustments in respect of deferred tax of previous periods	2	0.0	45	0.1	(915)	(2.9)	(365)	(2.6)	147	0.9
Tax reduction	(123)	(0.7)	(270)	(0.6)	(280)	(0.9)	(103)	(0.7)	(80)	(0.5)
Others	—	—	(6)	(0.0)	19	0.0	(42)	(0.3)	(1)	0.0
Tax charge at the effective rate	3,392	19.2	5,893	12.1	5,285	17.0	2,192	15.4	2,426	15.1

11. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

(a) Discontinued operations

As part of the Reorganisation, the Group disposed of the entire interests in Best Luck Enterprises Limited ("Best Luck") and Added Twist Limited ("Added Twist") to Pine Care River Bright Limited ("Pine Care River"), a company wholly owned by Pine Active Care. Best Luck was principally engaged in the operation and management of a general medical clinic whereas Added Twist was principally engaged in the operation and management of a Chinese medical clinic. The reason for the disposal is to delineate other businesses operated by the Group prior to the Reorganisation from its principal business. The disposal of Best Luck and Added Twist was completed, subsequent to the end of the Track Record Period, in August 2016. As at 31 March 2016 and 31 July 2016, Best Luck and Added Twist were classified as a disposal group held for sale and as discontinued operations. With Best Luck and Added Twist being classified as discontinued operations, the clinical businesses are no longer included in the note for operating segment information.

The results of Best Luck and Added Twist for the Track Record Period are presented below:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Revenue	5,316	6,364	6,692	2,175	2,383
Expenses	(4,308)	(4,272)	(5,013)	(1,111)	(1,136)
Profit before tax from the discontinued operations	1,008	2,092	1,679	1,064	1,247
Income tax	(158)	(301)	(244)	(162)	(200)
Profit for the year/period from the discontinued operations	850	1,791	1,435	902	1,047

The major classes of assets and liabilities of Best Luck and Added Twist classified as held for sale as at 31 March 2016 and 31 July 2016 are as follows:

	31 March 2016	31 July 2016
	HK$'000	HK$'000
Assets		
Property, plant and equipment	7	7
Deferred tax assets	44	42
Trade receivables	258	168
Inventories	177	187
Prepayments, deposits and other receivables	136	131
Tax recoverable	28	—
Cash and cash equivalents	3,501	1,462
Assets classified as held for sale	4,151	1,997
Liabilities		
Other payables and accruals	(93)	(59)
Due to a director	(1,511)	—
Trade payables	(106)	(76)
Tax payable	(23)	(113)
Liabilities directly associated with the assets classified as held for sale	(1,733)	(248)
Net assets directly associated with the disposal group	2,418	1,749

The net cash flows incurred by Best Luck and Added Twist for the Track Record Period are as follows:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Operating activities	926	1,073	2,195	399	675
Investing activities	(9)	(8)	(1)	(1)	—
Financing activities	(1,299)	(5)	—	85	(2,714)
Net cash (outflow)/inflow	(382)	1,060	2,194	483	(2,039)

(b) Assets and liabilities of disposal groups classified as held for sale

As part of the Reorganisation, the Group disposed of the entire interest in Giant Success International Holdings Limited ("Giant Success") to Pine Active Care. The principal business of Giant Success is property investment. The reason for the disposal is that the properties held by Giant Success are not principal assets of the Group and do not form part of and are not crucial to the Group's principal operations. The disposal of Giant Success was completed, subsequent to the end of the Track Record Period, in August 2016. As at 31 March 2016 and 31 July 2016, Giant Success was classified as a disposal group held for sale.

The major classes of assets and liabilities of Giant Success classified as held for sale as at 31 March 2016 and 31 July 2016 are as follows:

	31 March 2016	31 July 2016
	HK$'000	HK$'000
Assets		
Property, plant and equipment	7,149	7,153
Investment properties	15,810	15,810
Trade receivables	—	32
Prepayments, deposits and other receivables	9	13
Cash and cash equivalents	133	161
Assets classified as held for sale	23,101	23,169
Liabilities		
Other payables and accruals	(100)	(118)
Interest-bearing bank borrowing	(6,062)	(5,969)
Deferred tax liabilities	—	(158)
Liabilities directly associated with the assets of disposal groups classified as held for sale	(6,162)	(6,245)
Net assets directly associated with the disposal group	16,939	16,924

(c) The major classes of assets and liabilities of the disposal groups classified as held for sale as at 31 July 2016 are as follows:

	Best Luck and Added Twist	Giant Success	Total
	HK$'000	HK$'000	HK$'000
Assets			
Property, plant and equipment	7	7,153	7,160
Investment properties	—	15,810	15,810
Deferred tax assets	42	—	42
Trade receivables	168	32	200
Inventories	187	—	187
Prepayments, deposits and other receivables	131	13	144
Cash and cash equivalents	1,462	161	1,623
Assets classified as held for sale	1,997	23,169	25,166
Liabilities			
Other payables and accruals	(59)	(118)	(177)
Trade payables	(76)	—	(76)
Interest-bearing bank borrowing	—	(5,969)	(5,969)
Tax payable	(113)	—	(113)
Deferred tax liabilities	—	(158)	(158)
Liabilities directly associated with the assets classified as held for sale	(248)	(6,245)	(6,493)
Net assets directly associated with the disposal groups	1,749	16,924	18,673

The major classes of assets and liabilities of the disposal groups classified as held for sale as at 31 March 2016 are as follows:

	Best Luck and Added Twist	Giant Success	Total
	HK$'000	HK$'000	HK$'000
Assets			
Property, plant and equipment	7	7,149	7,156
Investment properties	—	15,810	15,810
Deferred tax assets	44	—	44
Trade receivables	258	—	258
Inventories	177	—	177
Prepayments, deposits and other receivables	136	9	145
Tax recoverable	28	—	28
Cash and cash equivalents	3,501	133	3,634
Assets classified as held for sale	4,151	23,101	27,252
Liabilities			
Other payables and accruals	(93)	(100)	(193)
Due to a director	(1,511)	—	(1,511)
Trade payables	(106)	—	(106)
Interest-bearing bank borrowing	—	(6,062)	(6,062)
Tax payable	(23)	—	(23)
Liabilities directly associated with the assets classified as held for sale	(1,733)	(6,162)	(7,895)
Net assets directly associated with the disposal groups	2,418	16,939	19,357

12. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

During the years ended 31 March 2015 and 2016, one of the Company's subsidiaries declared interim dividends of HK$21,328,000 and HK$52,204,000, respectively, to its then shareholders.

During the years ended 31 March 2014 and 2016, Fully Trend, one of the Company's subsidiaries, declared interim dividends of HK$104,000 and HK$2,885,000, respectively, to its non-controlling shareholder, before the remaining 40% equity interest of Fully Trend was acquired by the Group during the year ended 31 March 2016.

Dividend per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation as disclosed in note 2.1 above.

13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation as disclosed in note 2.1 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and other equipment	Motor vehicles	Land and buildings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2014					
At 1 April 2013:					
Cost	45,598	27,886	706	219,073	293,263
Accumulated depreciation	(43,859)	(24,621)	(557)	(27,597)	(96,634)
Net carrying amount	1,739	3,265	149	191,476	196,629
At 1 April 2013, net of accumulated depreciation	1,739	3,265	149	191,476	196,629
Additions	1,016	9,627	599	—	11,242
Acquisition of a subsidiary *(note 33)*	127	92	—	—	219
Disposal	—	—	(149)	—	(149)
Depreciation provided during the year	(2,129)	(3,876)	(180)	(5,033)	(11,218)
At 31 March 2014, net of accumulated depreciation	753	9,108	419	186,443	196,723
At 31 March 2014:					
Cost	42,781	37,645	934	219,073	300,433
Accumulated depreciation	(42,028)	(28,537)	(515)	(32,630)	(103,710)
Net carrying amount	753	9,108	419	186,443	196,723
31 March 2015					
At 31 March 2014:					
Cost	42,781	37,645	934	219,073	300,433
Accumulated depreciation	(42,028)	(28,537)	(515)	(32,630)	(103,710)
Net carrying amount	753	9,108	419	186,443	196,723
At 1 April 2014, net of accumulated depreciation	753	9,108	419	186,443	196,723
Additions	2,215	744	—	8,818	11,777
Depreciation provided during the year	(675)	(2,790)	(180)	(5,033)	(8,678)
At 31 March 2015, net of accumulated depreciation	2,293	7,062	239	190,228	199,822
At 31 March 2015:					
Cost	44,996	38,389	934	227,891	312,210
Accumulated depreciation	(42,703)	(31,327)	(695)	(37,663)	(112,388)
Net carrying amount	2,293	7,062	239	190,228	199,822

	Leasehold improvements	Furniture, fixtures and other equipment	Motor vehicles	Land and buildings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2016					
At 31 March 2015:					
Cost	44,996	38,389	934	227,891	312,210
Accumulated depreciation	(42,703)	(31,327)	(695)	(37,663)	(112,388)
Net carrying amount	2,293	7,062	239	190,228	199,822
At 1 April 2015, net of accumulated depreciation	2,293	7,062	239	190,228	199,822
Additions	279	206	—	13,651	14,136
Assets included in assets of disposal groups classified as held for sale *(note 11(c))*	—	(35)	—	(7,121)	(7,156)
Depreciation provided during the year	(636)	(2,612)	(180)	(5,300)	(8,728)
Impairment	—	—	—	(1,430)	(1,430)
Transfer to non-current assets classified as held for sale	—	—	—	(3,263)	(3,263)
At 31 March 2016, net of accumulated depreciation	1,936	4,621	59	186,765	193,381
At 31 March 2016:					
Cost	45,064	37,773	598	228,725	312,160
Accumulated depreciation	(43,128)	(33,152)	(539)	(41,960)	(118,779)
Net carrying amount	1,936	4,621	59	186,765	193,381
31 July 2016					
At 31 March 2016:					
Cost	45,064	37,773	598	228,725	312,160
Accumulated depreciation	(43,128)	(33,152)	(539)	(41,960)	(118,779)
Net carrying amount	1,936	4,621	59	186,765	193,381
At 1 April 2016, net of accumulated depreciation	1,936	4,621	59	186,765	193,381
Additions	50	114	—	—	164
Depreciation provided during the period	(194)	(800)	(29)	(1,643)	(2,666)
Disposal	—	—	(30)	—	(30)
At 31 July 2016, net of accumulated depreciation	1,792	3,935	—	185,122	190,849
At 31 July 2016:					
Cost	45,114	37,887	—	228,725	311,726
Accumulated depreciation	(43,322)	(33,952)	—	(43,603)	(120,877)
Net carrying amount	1,792	3,935	—	185,122	190,849

The net carrying amounts of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles as at 31 March 2014, 2015 and 2016 and 31 July 2016 were HK$419,000, HK$239,000, HK$59,000 and nil, respectively.

At 31 March 2014, 2015 and 2016 and 31 July 2016, the Group's land and buildings with total carrying amounts of HK$186,443,000, HK$181,409,000, HK$190,028,000 and HK$185,122,000, respectively, were pledged to secure general banking facilities granted to the Group (note 27(b)).

During the year ended 31 March 2016, certain land and buildings of the Group with a total carrying amount of HK$3,263,000 were reclassified as non-current assets held for sale as the carrying amount of the land and buildings will be recovered principally through a sales transaction and the Group is committed to a plan to dispose of the land and buildings and the sale is considered to be highly probable in the forthcoming year. Land and buildings classified as held for sale are not depreciated. The sales transaction was completed in May 2016.

15. INVESTMENT PROPERTIES

	As at 31 March			As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Carrying amount at beginning of year/period	45,885	51,900	36,900	—
Addition	5,755	—	—	—
Disposal	—	(1,300)	(5,200)	—
Fair value gain/(loss)	260	8,800	(1,840)	—
Assets included in assets of disposal groups classified as held for sale *(note 11(c))*	—	—	(15,810)	—
Transfer to investment properties classified as held for sale	—	(22,500)	(14,050)	—
Carrying amount at end of year/period	51,900	36,900	—	—

During the year ended 31 March 2015, certain investment properties of the Group were reclassified as investment properties classified as held for sale as the carrying amount of the properties will be recovered principally through a sales transaction and the Group is committed to a plan to dispose of the investment properties and the sale is considered to be highly probable in the forthcoming year. The sales transaction was completed in May 2015.

During the year ended 31 March 2016, certain investment properties of the Group were reclassified as investment properties classified as held for sale as the carrying amount of the properties will be recovered principally through a sales transaction as part of the Reorganisation. The sales transaction was completed in October 2016.

The investment properties of the Group were revalued on 31 March 2014, 16 February 2015, 31 March 2016 and 31 July 2016 based on valuations performed by RHL Appraisal Limited, Jones Lang LaSalle Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent firms of professionally qualified valuers, respectively. In the opinion of the Directors, the fair value of the investment properties of the Group as at 31 March 2015 was approximately equal to that as at 16 February 2015.

At 31 March 2014, 2015 and 2016 and 31 July 2016, the Group's investment properties with aggregate carrying amounts of HK$50,600,000, HK$59,400,000, HK$29,860,000 and HK$29,860,000, respectively, were pledged to secure general banking facilities granted to the Group (note 27(c)).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties (including investment properties included in the disposal groups and investment properties classified as held for sale):

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2014				
Recurring fair value measurement for:				
Investment properties	—	51,900	—	51,900
At 31 March 2015				
Recurring fair value measurement for:				
Investment properties	—	59,400	—	59,400
At 31 March 2016				
Recurring fair value measurement for:				
Investment properties	—	29,860	—	29,860
At 31 July 2016				
Recurring fair value measurement for:				
Investment properties	—	29,860	—	29,860

The fair value of investment properties was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments and hence the investment properties were classified as level 2 of the fair value hierarchy.

16. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Unlisted unit trust funds, at fair value	14,441	13,662	—	—

During the years ended 31 March 2014 and 2015, the fair value loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$445,000 and HK$2,614,000, respectively. During the year ended 31 March 2016, the fair value gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$2,350,000. During the four months ended 31 July 2016, no fair value gain or loss in respect of the Group's available-for-sale investments was recognised in other comprehensive income.

The Group's available-for-sale investments with carrying amounts of HK$9,627,000, HK$8,112,000, nil and nil were pledged as security for the Group's bank loans as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively, as further detailed in note 27(e) to the Financial Information.

17. TRADE RECEIVABLES

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	2,282	1,349	913	1,257

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. They are stated net of provision.

An aged analysis of the trade receivables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Within one month	1,938	1,141	675	426
One to two months	97	160	140	345
Two to three months	26	23	57	241
Over three months	221	25	41	245
	2,282	1,349	913	1,257

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Neither past due nor impaired	1,938	1,141	675	426
Less than one month past due	97	160	140	345
One to three months past due	43	38	78	456
Over three months past due	204	10	20	30
	2,282	1,349	913	1,257

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Prepayments	639	771	1,461	3,794
Deposits	11,808	11,399	6,769	8,634
Other receivables	1,156	373	388	690
	13,603	12,543	8,618	13,118
Current portion included in prepayments, deposits and other receivables	(3,296)	(3,445)	(4,223)	(8,807)
Non-current portion	10,307	9,098	4,395	4,311

None of the above assets is either past due or impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

Included in the non-current balance of prepayments, deposits and other receivables as at 31 March 2014 and 2015 are deposits for renovation works of HK$7,332,000 and HK$6,215,000, respectively, paid to Well Mount Limited, which is a company wholly owned by Ms. Leu Sou Jon ("Ms. Leu"), the mother of Mr. Yim Ting Kwok, the mother-in-law of Ms. Cho Wing Yin, and the grand-mother of Mr. Yim Billy Pui Kei and Mr. Yim Edwin Pui Hin. Mr. Yim Ting Kwok, Ms. Cho Wing Yin, Mr. Yim Billy Pui Kei and Mr. Yim Edwin Pui Hin are directors of the Company. Deposits of HK$1,117,000 were transferred to leasehold improvements upon completion of relevant renovation works during the year ended 31 March 2015. Deposits of HK$6,215,000 were refunded to the Group upon termination of relevant renovation contract during the year ended 31 March 2016.

19. GOODWILL

	HK$'000
At 1 April 2013, 31 March 2014, 31 March 2015 and 31 March 2016 and 31 July 2016:	
Cost	33,833
Accumulated impairment	—
Net carrying amount	33,833

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the cash-generating unit of elderly care service operated by Gericare Centre and Ruby International with a carrying amount of goodwill of HK$31,300,000 and the cash-generating unit of elderly care service operated by Hinta Enterprises with a carrying amount of goodwill of HK$2,533,000 as at the end of each of the Track Record Period for impairment testing.

The recoverable amount of the elderly home care service cash-generating units has been determined based on a value in use calculation using cash flow projections covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections of the two cash-generating units is 13%. The cash flows of the cash-generating unit of Gericare Centre and Ruby International, and Hinta Enterprises are projected using an annual growth rate of 12% and 13%, respectively, during the five-year period. The cash flows of the two cash-generating units beyond the five-year period are extrapolated using a growth rate of 3%, which was below the long term average growth rate of the industry. The recoverable amount of the cash-generating units estimated from the cash flow forecast exceeds the carrying amount.

Assumptions were used in the value in use calculation of the cash-generating units for the Track Record Period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant units. The values assigned to the key assumptions are consistent with external information sources.

If the annual growth rate of the cash flows of the cash-generating unit of Gericare Centre and Ruby International during the five-year period had decreased to 9.13% with all other variables held constant, the recoverable amount of the cash-generating unit would have been approximately equal to the carrying amount. If the annual growth rate of the cash flows of the cash-generating unit of Gericare Centre and Ruby International during the five-year period had decreased to 8% with all other variables held constant, the carrying amount of the cash-generating unit would have exceeded the recoverable amount by approximately HK$4,300,000.

If the pre-tax discount rate applied to the cash flow projections of the cash-generating unit of Gericare Centre and Ruby International had increased to 13.46% with all other variables held constant, the recoverable amount of the cash-generating unit would have been approximately equal to the carrying amount. If the pre-tax discount rate applied to the cash flow projections of the cash-generating unit of Gericare Centre and Ruby International had increased to 14% with all other variables held constant, the carrying amount of the cash-generating unit would have exceeded the recoverable amount by approximately HK$6,107,000.

20. BALANCES WITH DIRECTORS

The balances with directors are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

Particulars of the amounts due from directors are as follows:

31 March 2014

	1 April 2013	Maximum amount outstanding during the year	31 March 2014
	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	4,442	9,084	9,084
Mr. Yim Billy Pui Kei	—	—	—
Mr. Yim Edwin Pui Hin	—	7	7
Mr. Ng Kwok Fu Alex	665	1,135	1,135
Dr. Ho Chi Tim	—	63	63
Mr. Shek Kam Ming	—	171	171
Ms. Chu Lai King	—	20	20
Mr. Lam Yat Hon	—	255	255
Mr. Ma Wing Wah	—	56	56
	5,107		10,791

31 March 2015

	1 April 2014	Maximum amount outstanding during the year	31 March 2015
	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	9,084	11,897	11,897
Mr. Yim Billy Pui Kei	—	226	226
Mr. Yim Edwin Pui Hin	7	7	—
Mr. Ng Kwok Fu Alex	1,135	1,135	204
Dr. Ho Chi Tim	63	322	322
Ms. Shek Kam Ming	171	171	—
Ms. Chu Lai King	20	20	—
Mr. Lam Yat Hon	255	255	—
Ms. Ma Wing Wah	56	56	—
	10,791		12,649

31 March 2016

	1 April 2015	Maximum amount outstanding during the year	31 March 2016
	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	11,897	11,897	2,481
Mr. Yim Billy Pui Kei	226	226	—
Mr. Ng Kwok Fu Alex	204	204	—
Dr. Ho Chi Tim	322	322	—
	12,649		2,481

31 July 2016

	1 April 2016	Maximum amount outstanding during the period	31 July 2016
	HK$'000	HK$'000	HK$'000
Mr. Yim Ting Kwok	2,481	2,481	897

21. BALANCES WITH RELATED COMPANIES

The balance as at 31 March 2014 represented the balance due to a company owned by Mr. Yim Ting Kwok and Ms. Cho Wing Yin, directors of the Company.

The balance as at 31 March 2015 represented the balance due to a company owned by Mr. Yim Ting Kwok, Mr. Ng Kwok Fu Alex and Mr. Lam Yat Hon, directors of the Company.

The balances with related companies are unsecured, interest-free and have no fixed terms of repayment.

22. BALANCES WITH SHAREHOLDERS

The balances with the then shareholders of Prime Health are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Listed equity investments, at market value *(note (a))*	40,579	37,422	—	—
Insurance asset *(note (b))*	2,580	2,609	2,755	2,768
Structured financial products, at fair value *(note (c))*	9,718	4,900	4,861	—
	52,877	44,931	7,616	2,768
Current portion	(40,579)	(37,422)	(4,861)	—
Non-current portion	12,298	7,509	2,755	2,768

Notes:

(a) The above equity investments were classified as held for trading.

(b) The Group entered into a life insurance policy with an insurance company to insure an executive director. Under the policy, the Group is the beneficiary and the policy holder. The above insurance asset was, upon initial recognition, designated by the Group as a financial asset at fair value through profit or loss. The fair value of the insurance asset is determined based on the cash surrender value less the surrender charge at the end of each reporting period.

(c) The above structured financial products which contain an embedded derivative were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

(d) The Group's financial assets at fair value through profit or loss with carrying amounts of HK$46,723,000, HK$37,231,000, HK$7,616,000 and HK$2,768,000 were pledged as security for the Group's bank loans as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively, as further detailed in note 27(d) to the Financial Information.

24. CASH AND CASH EQUIVALENTS

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Cash and bank balances	11,288	17,992	17,268	34,217

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Within one month	885	1,833	2,143	1,860
One to two months	122	204	17	5
Two to three months	1	2	70	—
Over three months	2	12	11	29
	1,010	2,051	2,241	1,894

The trade payables are non-interest-bearing and generally have payment terms of 30–60 days.

26. OTHER PAYABLES AND ACCRUALS

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	4,976	7,584	6,826	7,645
Accruals	5,862	6,905	7,066	7,441
	10,838	14,489	13,892	15,086

Other payables are non-interest-bearing and have average payment terms of one to three months.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 March									31 July		
	2014			2015			2016			2016		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current												
Finance lease payables *(note 28)*	7.38	2014	128	7.38	2015	140	7.38	2016	60			—
Bank loans — secured	1.01–4	On demand	292,336	1.03–4	On demand	266,668	1.04–3.24	On demand	38,513	1.04–3.24	On demand	37,555
Bank overdrafts — unsecured			1	8.75	2015	1,254			—	5.00	2016	118
			292,465			268,062			38,573			37,673
Non-current												
Finance lease payables *(note 28)*	7.38	2016	200	7.38	2016	60			—			—
Bank loans — secured			—			—	1.04–3.24	2017–2035	160,023	1.04–3.24	2017–2035	157,097
			200			60			160,023			157,097
			292,665			268,122			198,596			194,770

Notes:

(a) The Group's bank borrowings are denominated in Hong Kong dollars.

(b) The Group's bank borrowings are secured by a mortgage over the Group's land and buildings, which had aggregate carrying amounts as at 31 March 2014, 2015 and 2016 and 31 July 2016 of approximately HK$186,443,000, HK$181,409,000, HK$190,028,000 and HK$185,122,000, respectively (note 14).

(c) The Group's bank borrowings are secured by a mortgage over the Group's investment properties, which had aggregate carrying amounts as at 31 March 2014, 2015 and 2016 and 31 July 2016 of approximately HK$50,600,000, HK$59,400,000, HK$29,860,000 and HK$29,860,000, respectively (note 15).

(d) Certain of the Group's bank borrowings are secured by a pledge over the Group's financial assets at fair value through profit or loss with carrying amounts of HK$46,723,000, HK$37,231,000, HK$7,616,000 and HK$2,768,000 as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively (note 23).

(e) Certain of the Group's bank borrowings are secured by a pledge over the Group's available-for-sale investments with carrying amounts of HK$9,627,000, HK$8,112,000, nil and nil as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively (note 16).

(f) Certain of the Group's bank borrowings are jointly guaranteed by certain subsidiaries of the Company.

(g) Certain of the Group's bank borrowings are guaranteed by a related company, which is jointly controlled by the Company's directors, Mr. Yim Ting Kwok and Ms. Cho Wing Yin, as at 31 March 2014 and 2015.

(h) All of the Group's bank borrowings are secured by personal guarantees of the Company's directors, Mr. Yim Ting Kwok, Mr. Ng Kwok Fu Alex, Ms. Cho Wing Yin, Mr. Lam Yat Hon and Mr. Shek Kam Ming.

(i) The amounts payable based on the maturity terms of the bank loans are analysed as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans:				
Within one year or on demand	105,333	211,990	31,241	32,262
In the second year	28,796	10,926	22,908	22,300
In the third to fifth years, inclusive	110,003	20,677	81,444	81,880
Beyond five years	48,204	23,075	62,943	58,210
	292,336	266,668	198,536	194,652

(j) As at 31 March 2015, the Group did not comply with the debt covenants of tangible net worth and gearing ratio in respect of certain bank borrowings with an aggregate carrying amount of HK$143,898,000 which became repayable on demand and were included in the current liabilities. The relevant bank subsequently removed the aforesaid debt covenants in December 2015.

28. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles for business use. These leases are classified as finance leases and have a remaining lease term of three years.

At the end of each of the Track Record Period, the Group's total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments				Present value of minimum lease payments			
	31 March			31 July	31 March			31 July
	2014	2015	2016	2016	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts payable:								
Within one year	148	148	62	—	128	140	60	—
In the second year	148	62	—	—	140	60	—	—
In the third to fifth years, inclusive	62	—	—	—	60	—	—	—
Total minimum finance lease payments	358	210	62	—	328	200	60	—
Future finance charges	(30)	(10)	(2)	—				
Total net finance lease payables	328	200	60	—				
Portion classified as current liabilities *(note 27)*	(128)	(140)	(60)	—				
Non-current portion *(note 27)*	200	60	—	—				

29. PROVISION FOR LONG SERVICE PAYMENTS

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
At beginning of year/period	2,934	2,934	3,676	3,713
Amount utilised during the year/period	—	—	(391)	—
Provision for the year/period *(note 7)*	—	742	428	56
At end of year/period	2,934	3,676	3,713	3,769

The Group provides for future long service payments expected to be made to employees under the Hong Kong Employment Ordinance.

30. DEFERRED TAX

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Deferred tax assets recognised in the consolidated statements of financial position	2,833	2,389	3,351	3,284
Deferred tax liabilities recognised in the consolidated statements of financial position	(15,166)	(15,764)	(14,683)	(14,653)
Deferred tax assets included in the disposal groups *(note 11(c))*	—	—	44	42
Deferred tax liabilities included in the disposal groups *(note 11(c))*	—	—	—	(158)
	(12,333)	(13,375)	(11,288)	(11,485)

The movements in deferred tax assets and liabilities during the Track Record Period are as follows:

	Tax losses	Unrealised fair value (gain)/loss on investments	Depreciation in excess of related depreciation allowance	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	—	(222)	(12,515)	(12,737)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	—	557	(153)	404
At 31 March 2014 and 1 April 2014	—	335	(12,668)	(12,333)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	19	(1,138)	77	(1,042)
At 31 March 2015 and 1 April 2015	19	(803)	(12,591)	(13,375)
Deferred tax credited to the consolidated statement of profit or loss during the year	611	803	673	2,087
At 31 March 2016 and 1 April 2016	630	—	(11,918)	(11,288)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the period	63	—	(260)	(197)
At 31 July 2016	693	—	(12,178)	(11,485)

Certain subsidiaries of the Group had tax losses arising in Hong Kong in total of HK$5,972,000, HK$4,869,000, HK$1,154,000 and HK$1,590,000 as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 August 2015 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, 1 share was allotted and issued by the Company to the initial subscriber for cash at par who subsequently transferred the share to Pine Active Care on the same day.

There was no issued capital as at 31 March 2014 and 2015 since the Company has not yet been incorporated at that time.

On 23 January 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each by the creation of an additional of 4,962,000,000 shares of HK$0.01 each.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein during the Track Record Period are presented in the consolidated statements of changes in equity.

(b) Merger reserve

The merger reserve represents the reserve arising from the reorganisation of the Group in the prior years.

33. BUSINESS COMBINATION

On 1 April 2013, the Group acquired a 100% interest in Manchester Rehabilitation from Ms. Leu. Manchester Rehabilitation is engaged in the provision of rehabilitation and physiotherapy services. The purchase consideration for the acquisition was in the form of cash of HK$1.

The fair values of the identifiable assets and liabilities of Manchester Rehabilitation as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK$'000
Plant and equipment	219
Trade receivables	3,351
Amount due from a director	—*
Prepayments and other receivables	133
Cash and cash equivalents	1,156
Other payables	(4,356)
Tax payable	(503)
Total identifiable net assets at fair value	—
Satisfied by:	
Cash	—*

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	—*
Cash and cash equivalents acquired	1,156
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	1,156

* Less than HK$1,000

Since the acquisition, Manchester Rehabilitation had no significant contribution to the Group's revenue and consolidated profit for the year ended 31 March 2014.

34. CONTINGENT LIABILITIES

As at 31 March 2014, 2015 and 2016 and 31 July 2016, the Group provided guarantees to banks in connection with facilities of approximately HK$20,937,000, HK$17,662,000, HK$19,016,000 and HK$17,585,000, respectively, granted to a related company jointly owned by Mr. Yim Ting Kwok and Ms. Cho Wing Yin, directors of the Company, which were utilised to the extent of approximately HK$19,937,000, HK$16,662,000, HK$18,016,000 and HK$16,585,000, respectively. In the opinion of the Directors, the fair value of the financial guarantee contracts was considered to be insignificant initially based on the fair value of the property held by and the repayment history of the Group's related company.

As at 31 March 2014, 2015 and 2016 and 31 July 2016, the Group had contingent liabilities in respect of a bank guarantee in lieu of a deposit in favour of a landlord amounting to HK$588,000, HK$588,000, HK$682,000 and HK$682,000, respectively.

35. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its car parking spaces and residential units under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At the end of each of the Track Record Period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	349	324	449	64
In the second to fifth years, inclusive	—	68	24	—
	349	392	473	64

(b) As lessee

The Group leases certain of its elderly centres under operating lease arrangements. Leases for these properties are negotiated for terms ranging from two to five years. At the end of each of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	9,578	7,974	11,696	13,584
In the second to fifth years, inclusive	25,967	18,197	16,219	33,365
After five years	—	—	—	6,919
	35,545	26,171	27,915	53,868

In addition, the operating lease rentals for certain elderly centres are based on the higher of a fixed rental and a contingent rent depending on the revenue of these elderly centres pursuant to the terms and conditions as set out in the respective rental agreements. As the future revenue of these elderly centres could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35(b) above, the Group had the following capital commitments at the end of each of the Track Record Period:

	As at 31 March			As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Contracted, but not provided for:				
Land and buildings	—	12,570	—	—

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties:

(i) During the Track Record Period, Mr. Yim Ting Kwok, a director of the Company, has guaranteed to a landlord in respect of the due performance of the obligations under an operating lease arrangement of a subsidiary of the Group, under which the annual rental expenses for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 were HK$372,000, HK$476,000, HK$528,000 and HK$176,000, respectively.

(ii) During the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, the Group paid visiting medical service fees to Dr. Ho Chi Tim, a former director of the Company, of HK$514,800, HK$551,000, HK$660,000 and HK$240,000, respectively.

(iii) During the year ended 31 March 2015, the Group disposed of an investment property to Mr. Lam Yat Hon, a director of the Company, for a cash consideration of HK$1,300,000, which was determined with reference to the fair value as at the disposal date.

(b) Outstanding balances with related parties

Details of the Group's balances with the Company's directors, related companies and shareholders as at the end of each of the Track Record Period are disclosed in notes 20, 21 and 22 to the Financial Information, respectively.

(c) The compensation of key management personnel of the Group for the Track Record Period represented the directors' emoluments as disclosed in note 9 to the Financial Information.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

31 March 2014

Financial assets

	Financial assets at fair value through profit or loss				
	Designated as such upon initial recognition	Held for trading	Available-for-sale investments	Loans and receivables	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	—	—	—	2,282	2,282
Financial assets at fair value through profit or loss	12,298	40,579	—	—	52,877
Available-for-sale investments	—	—	14,441	—	14,441
Financial assets included in prepayments, deposits and other receivables	—	—	—	13,603	13,603
Due from directors	—	—	—	10,791	10,791
Due from shareholders	—	—	—	9,097	9,097
Cash and cash equivalents	—	—	—	11,288	11,288
	12,298	40,579	14,441	47,061	114,379

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Trade payables	1,010
Financial liabilities included in other payables and accruals	10,838
Due to directors	4,581
Due to shareholders	1,848
Due to related companies	1,019
Interest-bearing bank and other borrowings	292,665
	311,961

31 March 2015

Financial assets

	Financial assets at fair value through profit or loss				
	Designated as such upon initial recognition	Held for trading	Available-for-sale investments	Loans and receivables	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	—	—	—	1,349	1,349
Financial assets at fair value through profit or loss	7,509	37,422	—	—	44,931
Available-for-sale investments	—	—	13,662	—	13,662
Financial assets included in prepayments, deposits and other receivables	—	—	—	12,543	12,543
Due from directors	—	—	—	12,649	12,649
Due from shareholders	—	—	—	3,980	3,980
Cash and cash equivalents	—	—	—	17,992	17,992
	7,509	37,422	13,662	48,513	107,106

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Trade payables	2,051
Financial liabilities included in other payables and accruals	14,489
Dividend payable	2,359
Due to related companies	9
Due to directors	4,270
Due to shareholders	711
Interest-bearing bank and other borrowings	268,122
	292,011

31 March 2016

Financial assets

	Financial assets at fair value through profit or loss		
	Designated as such upon initial recognition	Loans and receivables	Total
	HK$'000	HK$'000	HK$'000
Trade receivables	—	913	913
Financial assets at fair value through profit or loss	7,616	—	7,616
Financial assets included in prepayments, deposits and other receivables	—	8,618	8,618
Due from directors	—	2,481	2,481
Cash and cash equivalents	—	17,268	17,268
	7,616	29,280	36,896

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Trade payables	2,241
Financial liabilities included in other payables and accruals	13,892
Due to directors	4,583
Interest-bearing bank and other borrowings	198,596
	219,312

31 July 2016

Financial assets

	Financial assets at fair value through profit or loss		
	Designated as such upon initial recognition	Loans and receivables	Total
	HK$'000	HK$'000	HK$'000
Trade receivables	—	1,257	1,257
Financial assets at fair value through profit or loss	2,768	—	2,768
Financial assets included in prepayments, deposits and other receivables	—	12,745	12,745
Due from directors	—	897	897
Cash and cash equivalents	—	34,217	34,217
	2,768	49,116	51,884

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Trade payables	1,894
Financial liabilities included in other payables and accruals	15,086
Interest-bearing bank and other borrowings	194,770
	211,750

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

		Carrying amounts				Fair values			
		31 March			31 July	31 March			31 July
		2014	2015	2016	2016	2014	2015	2016	2016
	Notes	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets:									
Available-for-sale Investments:									
Unlisted unit trust funds	16	14,441	13,662	—	—	14,441	13,662	—	—
Financial assets at fair value through profit or loss:									
Listed equity investments	23	40,579	37,422	—	—	40,579	37,422	—	—
Insurance asset	23	2,580	2,609	2,755	2,768	2,580	2,609	2,755	2,768
Structured financial products	23	9,718	4,900	4,861	—	9,718	4,900	4,861	—
		52,877	44,931	7,616	2,768	52,877	44,931	7,616	2,768
		67,318	58,593	7,616	2,768	67,318	58,593	7,616	2,768
Financial liabilities:									
Interest bearing-bank and other borrowings	27	292,665	268,122	198,596	194,770	292,665	268,122	198,596	194,770

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in deposits and other receivables, financial liabilities included in other payables, balances with the shareholders, directors and related companies and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. The finance department analyses the measurements in the values of financial instruments and determines the major inputs applied in the valuation, which is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 March 2014, 2015 and 2016 and 31 July 2016 was assessed to be insignificant. The fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts as at 31 March 2014, 2015 and 2016 and 31 July 2016.

The fair value of listed equity investments is based on quoted market prices.

Unlisted unit trust funds represented open-ended retail mutual funds that are redeemable at any time at the daily reportable net asset value of the underlying assets. The fair value of unlisted unit trust funds is based on the net asset value of the underlying assets. The investments are classified as level 1 of the fair value hierarchy.

The fair value of structured financial products have been estimated using discounted cash flow valuation models based on observable inputs such as specified stock prices, foreign exchange rates and discount rates. The investments are classified as level 2 of the fair value hierarchy.

The fair value of the insurance asset measured at fair value through profit or loss is based on the cash surrender value less the surrender charge calculated and provided by the insurance company at the end of each reporting period. The Group paid upfront premium for the policy and may surrender at any time by filling a written request to the insurance company and receive cash based on the then surrender value less the surrender charge of the policy. In the opinion of the Directors, the surrender value less the surrender charge of the policy provided by the insurance company is the best approximation of the fair value, which is categorised as level 3.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2014:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments	14,441	—	—	14,441
Financial assets at fair value through profit or loss	40,579	9,718	2,580	52,877
	55,020	9,718	2,580	67,318

As at 31 March 2015:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments	13,662	—	—	13,662
Financial assets at fair value through profit or loss	37,422	4,900	2,609	44,931
	51,084	4,900	2,609	58,593

As at 31 March 2016:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	—	4,861	2,755	7,616

As at 31 July 2016:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	—	—	2,768	2,768

Liabilities for which fair values are disclosed:

As at 31 March 2014:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Interest bearing-bank and other borrowings	—	292,665	—	292,665

As at 31 March 2015:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Interest bearing-bank and other borrowings	—	268,122	—	268,122

As at 31 March 2016:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Interest bearing-bank and other borrowings	—	198,596	—	198,596

As at 31 July 2016:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Interest bearing-bank and other borrowings	—	194,770	—	194,770

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and other receivables, cash and bank balances, trade and other payables, balances with the shareholders, directors and related companies and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

Management meets periodically to analyse and formulate measures to manage the Group's exposure to financial risks, including principally credit risk, equity price risk, interest rate risk and liquidity risk. The Group has no significant exposure to foreign currency risk. Generally, the Group employs a conservative strategy regarding its risk management.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and bank balances arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no significant concentration of credit risk in relation to the Group's financial assets. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Financial Information.

Equity price risk

The Group's exposure to equity price risk relates principally to the Group's investments in listed equity securities. Management manages this exposure by maintaining a portfolio of investments with different risks.

At 31 March 2014, 2015 and 2016 and 31 July 2016, if the prices of the respective equity investments had been 5% higher/lower, with all other variables held constant, the Group's profit after tax for the year/period then ended would have increased/decreased by approximately HK$1,694,000, HK$1,562,000, nil and nil, respectively, as a result of the changes in the fair value of financial assets at fair value through profit or loss.

Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's bank loans which are based on the Hong Kong Interbank Offered Rate. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

As at 31 March 2014, 2015 and 2016 and 31 July 2016, if the interest rates on borrowings had been 25 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit after tax for the year/period then ended would have been decreased/increased by approximately HK$586,000, HK$583,000, HK$486,000 and HK$137,000, respectively, as a result of higher/lower interest expenses on bank borrowings.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, was as follows:

As at 31 March 2014:

	On demand or within 1 year	In the second year	3 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	1,010	—	—	1,010
Other payables and accruals	10,838	—	—	10,838
Due to directors	4,581	—	—	4,581
Due to shareholders	1,848	—	—	1,848
Due to related companies	1,019	—	—	1,019
Interest-bearing bank and other borrowings	306,426	148	62	306,636
Guarantees given to a bank in connection with facilities granted to a related company	19,937	—	—	19,937
	345,659	148	62	345,869

As at 31 March 2015:

	On demand or within 1 year	In the second year	3 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	2,051	—	—	2,051
Other payables and accruals	14,489	—	—	14,489
Dividend payable	2,359	—	—	2,359
Due to related companies	9	—	—	9
Due to directors	4,270	—	—	4,270
Due to shareholders	711	—	—	711
Interest-bearing bank and other borrowings	279,015	62	—	279,077
Guarantees given to a bank in connection with facilities granted to a related company	16,662	—	—	16,662
	319,566	62	—	319,628

As at 31 March 2016:

	On demand or within 1 year	In the second year	3 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	2,241	—	—	—	2,241
Other payables and accruals	13,892	—	—	—	13,892
Due to directors	4,583	—	—	—	4,583
Interest-bearing bank and other borrowings	41,352	87,461	72,097	4,470	205,380
Guarantees given to a bank in connection with facilities granted to a related company	18,016	—	—	—	18,016
	80,084	87,461	72,097	4,470	244,112

As at 31 July 2016:

	On demand or within 1 year	In the second year	3 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	1,894	—	—	—	1,894
Other payables and accruals	15,086	—	—	—	15,086
Interest-bearing bank and other borrowings	40,379	85,566	70,322	4,374	200,641
Guarantees given to a bank in connection with facilities granted to a related company	16,585	—	—	—	16,585
	73,944	85,566	70,322	4,374	234,206

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group mainly relies on bank and other borrowings for financing its operations. The Group manages a net gearing ratio being the total amount of interest-bearing bank and other borrowings less cash and cash equivalents divided by net assets. The net gearing ratios as at the end of each of the Track Record Period were as follows:

	As at 31 March			As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Interest-bearing bank and other borrowings	292,665	268,122	198,596	194,770
Less: Cash and cash equivalents	(11,288)	(17,992)	(17,268)	(34,217)
Net debt	281,377	250,130	181,328	160,553
Net assets	68,315	90,543	63,919	78,567
Net gearing ratio	4.12 times	2.76 times	2.84 times	2.04 times

41. EVENTS AFTER THE TRACK RECORD PERIOD

(a) On 18 August 2016, the Group entered into sale and purchase agreements with Pine Care River to dispose of its entire interests in Best Luck and Added Twist for a consideration of HK$675,000 and HK$157,000, respectively. These transactions were completed on 19 August 2016, and are expected to result in losses on disposal before tax of HK$953,000 and HK$261,000, respectively.

(b) On 18 August 2016, the Group entered into a sale and purchase agreement with Pine Active Care to dispose of its entire interest in Giant Success for a consideration of HK$17,071,000. The transaction was completed on 19 August 2016 and is expected to result in no significant gain or loss on disposal before tax.

(c) Upon the completion of the transaction in (b) above, on 30 August 2016, the Group entered into sale and purchase agreements with Giant Success to dispose of certain investment properties for an aggregate consideration of HK$14,050,000. The transactions were completed in October 2016 and are expected to result in no significant gain or loss on disposal before tax.

(d) On 6 September 2016, the Company declared a special dividend of HK$25,561,000 per share amounting to HK$25,561,000 in aggregate to its then shareholder.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 July 2016.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group which has been prepared for the purpose of illustrating the effect of the Share Offer as if it had taken place on 31 July 2016. It is based on the audited consolidated net tangible assets of the Group attributable to owners of the parent as at 31 July 2016 as shown in the Accountants' Report of the Group, the text of which is set forth in Appendix I to this prospectus, and is adjusted as follows:

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 31 July 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK$'000(1)	HK$'000(2)	HK$'000	HK$(3), (4)
Based on the low end of the Offer Price Range of HK$0.63 per Offer Share	44,734	110,840	155,574	0.18
Based on the high end of the Offer Price Range of HK$0.69 per Offer Share	44,734	123,345	168,079	0.19

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the parent as at 31 July 2016 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the parent as at 31 July 2016 of HK$78,567,000 with an adjustment for goodwill as at 31 July 2016 of HK$33,833,000.

(2) Estimated net proceeds from the Share Offer are based on 216,000,000 Shares to be issued under the Share Offer and the Offer Price of HK$0.63 to HK$0.69 per Offer Share, being the low end and the high end of the Offer Price Range, after deducting underwriting commissions and other estimated expenses expected to be incurred by the Group subsequent to 31 July 2016 in connection with the Share Offer, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent per Share is calculated based on 864,000,000 Shares expected to be in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 31 July 2016, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent does not take into account a special dividend of HK$25,561,000 declared by the Company to its then shareholder in September 2016. Had the special dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK$0.15 (assuming the Offer Price of HK$0.63 per Offer Share) and HK$0.16 (assuming the Offer Price of HK$0.69 per Offer Share), respectively.

(5) No adjustment has been made to the consolidated net tangible assets of the Group attributable to owners of the parent as at 31 July 2016 to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2016.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

27 January 2017

To the Directors of Pine Care Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Pine Care Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 31 July 2016 and related notes as set out on pages II-1 to II-2 of the prospectus dated 27 January 2017 issued by the Company (the "Prospectus") (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the share offer of the Company on the Group's financial position as at 31 July 2016 as if the transaction had taken place at 31 July 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the four months ended 31 July 2016, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the share offer of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 November 2016 of the property interests held by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

27 January 2017

The Board of Directors
Pine Care Group Limited
G/F, 1 Koon Wah Lane,
68–72 Yuk Wah Street,
Tsz Wan Shan,
Kowloon, Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Pine Care Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 November 2016 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

In valuing the property interests of the Group in Hong Kong held under the Government Leases expiring before 30 June, 1997, we have taken into account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30 June 2047 and that a rent of three per cent of the then rateable value is charged per annum from the date of extension.

We have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out between 16 and 23 March 2016 by Ms. Mary Lee and Ms. Tracy Yuen. Ms. Mary Lee is a Chartered Surveyor who has 6 years' experience in the valuation of properties in Hong Kong and Ms. Tracy Yuen is a probationer of HKIS. Subsequent re-inspection of the properties was carried out in January 2017.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (HK$).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Property interests held for occupation by the Group in Hong Kong

No.	Property	Market value in existing state as at 30 November 2016 (HK$)
1.	Shops 89 and 91 on Ground Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Mong Kok, Kowloon	51,000,000
2.	The whole of 1st and 2nd Floors, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Mong Kok, Kowloon	47,000,000
3.	Shop No. 10 on Ground Floor and whole 1st Floor, Elly House, Nos. 57–69 Hong Ning Road and Nos. 32–38 & 38A Tung Ming Street, Kwun Tong, Kowloon	56,000,000
4.	Cinema occupying the western portion of the Ground, 1st, 2nd and 3rd Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Tsz Wan Shan, Kowloon	108,000,000
5.	Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143–145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	110,000,000

No.	Property	Market value in existing state as at 30 November 2016
		(HK$)
6.	Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), the whole of the 1st and 2nd Floors including the staircase in the entrance hall and the staircases adjacent to Shop Nos. 1, 6 and 7 leading from G/F to 2/F level, Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories	169,000,000
7.	Workshops 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories	12,300,000
	Grand-total:	**553,300,000**

VALUATION CERTIFICATE

Property interests held for occupation by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
1.	Shops 89 and 91 on Ground Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Mong Kok, Kowloon 4/97th shares of and in the Remaining Portion of Section A of Kowloon Inland Lot No. 2348, the Remaining Portions of Kowloon Inland Lot Nos. 2349, 2350 and 2351	The property comprises two shop units on ground floor of a 16-storey composite building completed in 1970. The property has a total saleable area of approximately 1,828 sq.ft. (or 169.83 sq.m.) plus a yard area of approximately 96 sq.ft. (or 8.92 sq.m.). The property is held under Government Lease for a term of 75 years commencing from 4 March 1929 renewed for 75 years subject to a payment of an annual Government rent of HK$10,620.	As at the valuation date, the property was leased under an intra-group tenancy agreement and occupied as an elderly centre. (Please see note 5 for details.)	51,000,000

Notes:

1. The subject building is situated on the south-western side of Lai Chi Kok Road close to the junction with Canton Road to the east. The locality is characterized by medium-rise tenement buildings and composite buildings of various ages.

2. The registered owner of the property is Fitgarden Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. 10101302340080 dated 20 September 2010.

3. According to the Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013, the site of the property is zoned as "Residential (Group A)".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Deed of Mutual Covenant vide Memorial No. UB752269 dated 8 July 1970; and

   b. Mortgage for all moneys in favour of Hang Seng Bank Limited vide Memorial No. 10101302340096 dated 20 September 2010.

5. Pursuant to the tenancy agreement dated 18 August 2016, the property is leased to Pine Care (Tak Fung) Elderly Centre O/B Pacific First Limited, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$75,000 exclusive of rates, Government rent and management fee.

6. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. These selected comparables are retail shops on ground floor of composite buildings which were transacted in 2016. The unit price of these comparables ranges from HK$26,500/sq.ft. to HK$33,200/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$27,899/sq.ft. on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
2.	The whole of 1st and 2nd Floors, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Mong Kok, Kowloon 12/97th shares of and in the Remaining Portion of Section A of Kowloon Inland Lot No. 2348, the Remaining Portions of Kowloon Inland Lot Nos. 2349, 2350 and 2351	The property comprises the commercial space on the whole of 1st and 2nd floors of a 16-storey composite building completed in 1970. The property has a total saleable area of approximately 6,170 sq.ft. (or 573.21 sq.m.). **Floor** / **Saleable Area (sq.ft.)** 1/F 2,959 2/F 3,211 **Total** **6,170** The property is held under Government Lease for a term of 75 years commencing from 4 March 1929 renewed for 75 years subject to a payment of an annual Government rent of HK$12,960.	As at the valuation date, the property was leased under an intra-group tenancy agreement and occupied as an elderly centre. (Please see note 5 for details.)	47,000,000

Notes:

1. The subject building is situated on the south-western side of Lai Chi Kok Road close to the junction with Canton Road to the east. The locality is characterized by medium-rise tenement buildings and composite buildings of various ages.

2. The registered owner of the property is Mainfield Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. 10101302340068 dated 20 September 2010.

3. According to the Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013, the site of the property is zoned as "Residential (Group A)".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

    a. Deed of Mutual Covenant vide Memorial No. UB752269 dated 8 July 1970; and

b. Mortgage for all moneys in favour of Hang Seng Bank Limited vide Memorial No. 10101302340073 dated 20 September 2010.

5. Pursuant to the tenancy agreement dated 18 August 2016, the property is leased to Pine Care (Tak Fung) Elderly Centre O/B Pacific First Limited, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$75,000 exclusive of rates, Government rent and management fee.

6. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are commercial units on upper floors of composite buildings which were transacted in 2016. The unit price of these comparables range from HK$6,900/sq.ft. to HK$8,300/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$7,618/sq.ft. on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
3.	Shop No. 10 on Ground Floor and whole 1st Floor, Elly House, Nos. 57–69 Hong Ning Road and Nos. 32–38 & 38A Tung Ming Street, Kwun Tong, Kowloon 36/390th shares of and in Kwun Tong Inland Lot No. 690	The property comprises a shop unit on ground floor and the commercial space on the whole of 1st floor of a 26-storey composite building completed in 1974. The property has a total saleable area of approximately 7,625 sq.ft. (or 708.38 sq.m.).	As at the valuation date, the property was leased under an intra-group tenancy agreement and occupied as elderly centre. (Please see Note 5 for details.)	56,000,000

Floor	Saleable Area
	(sq.ft.)
G/F	548
1/F	7,077
Total	**7,625**

The property is held under Conditions of Sale No. 10132 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the property.

Notes:

1. The subject building is situated on the western side of Hong Ning Road and eastern side of Tung Ming Street. The locality is characterized by a mixture of medium to high rise composite buildings.

2. The registered owner of the property is Chun Fai Development Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB3346489 dated 26 March 1987.

3. According to the Kwun Tong (South) Outline Zoning Plan No. S/K14S/20 dated 21 August 2015, the site of the property is zoned as "Residential (Group A)".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Deed of Mutual Covenant vide Memorial No. UB1140911 dated 5 February 1975;

b. Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited vide Memorial Nos. UB9300935 dated 20 July 2004; and

c. Deed of Variation and Further Charge to secure all moneys in respect of general banking facilities in favour of Hang Seng Bank Limited vide Memorial No. 07111501770087 dated 8 November 2007.

5. Pursuant to the copy of tenancy agreement dated 18 August 2016, the property is leased to Hinta Enterprises Limited, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$140,000 exclusive of rates, Government rent and management fee.

6. Our valuation has been made on the following basis and analysis:

a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are commercial units on ground and upper floors of composite buildings which were transacted in 2016. The unit price of these comparables ranges from HK$16,100/sq.ft. to HK$26,400/sq.ft. for ground floor and from HK$4,900/sq.ft. to HK$6,300/sq.ft. for upper floors on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$23,723/sq.ft. for ground floor and HK$6,076/sq.ft. for 1st floor on saleable area basis for the subject property; and

b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
4.	Cinema occupying the western portion of the Ground, 1st, 2nd and 3rd Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Tsz Wan Shan, Kowloon 249/2,900th shares of and in New Kowloon Inland Lot No. 5301	The property comprises the shops at the western portion of ground to 3rd floors of a 32-storey (plus 1 level of basement) composite building completed in 1973. As measured from the latest approved alteration and addition plans from the Buildings Department, the property has a total saleable area of approximately 17,603 sq.ft. (or 1,635.36 sq.m.).	As at the valuation date, Shop A on the ground floor of the property was leased and occupied as Chinese medical clinic, and the remainder of the property was leased under an intra-group tenancy agreement and occupied as elderly centre. (Please see Notes 5 and 6 for details.)	108,000,000

Floor	Saleable Area
	(sq.ft.)
G/F	1,787
1/F	6,904
2/F	6,453
3/F	2,459
Total	**17,603**

The property is held under Conditions of Sale No. 9735 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the property.

Notes:

1. The subject building is situated on the northern side of Yuk Wah Crescent at the junction with Koon Wah Lane. The locality is characterized by public housing estates and tenement buildings of various ages.

2. The registered owner of the property is Grant Smart Development Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB8383787 dated 24 April 2001.

3. According to the Tsz Wan Shan, Diamond Hill & San Po Kong Outline Zoning Plan No. S/K11/29 dated 16 December 2016, the site of the property is zoned as "Residential (A) 3".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Deed of Mutual Covenant vide Memorial Nos. UB1024467 and UB1082508 dated 18 September 1973;

   b. No-objection Letter from the Government of the HKSAR by the District Lands Officer/Kowloon East vide Memorial No. UB8667080 dated 19 April 2002;

   c. Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited vide Memorial No. UB9300932 dated 20 July 2004; and

   d. Deed of Variation and Further Charge to secure all moneys in respect of general banking facilities in favour of Hang Seng Bank Limited vide Memorial No. 07111501770073 dated 8 November 2007.

5. According to the approved alteration and addition plans dated 21 October 2012, the permitted use of the property is changed to shop.

6. Pursuant to the tenancy agreement dated 18 August 2016, Shop A on ground floor of the property is leased to Added Twist Ltd, a related party of the Group, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$20,000 exclusive of rates, Government rent and management fee.

7. Pursuant to the tenancy agreement dated 18 August 2016, the remainder of the property is leased to Fitbest Ltd, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$280,000 exclusive of Government rent, rates and management fee.

8. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. These selected comparables are commercial units on ground and upper floors of composite buildings which were transacted between 2015 and 2016. The unit price of these comparables ranges from HK$13,600/sq.ft. to HK$15,500/sq.ft. for ground floor and from HK$4,900/sq.ft. to HK$6,700/sq.ft. for upper floors on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$14,550/sq.ft. for ground floor and HK$5,185/sq.ft. for upper floors on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
5.	Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of the 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143–145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong 1,230/3,030th shares of and in Shaukiwan Inland Lot No. 442	The property comprises the whole of 1st to 3rd floors, including lavatories, escalators, circulation staircase and A/C plant room thereof, circulation staircase and escalator on ground floor, and external walls of the 1st to 3rd floors of a 22-storey (plus 1-storey basement) composite building completed in 1982. As measured from the latest approved alteration and addition plans from the Buildings Department, the property has a total saleable area of approximately 11,979 sq.ft. (or 1,112.88 sq.m).	As at the valuation date, the property was leased under an intra-group tenancy agreement and occupied as an elderly centre. (Please see note 5 for details.)	110,000,000

Floor	Saleable Area
	(sq.ft.)
G/F	225
1/F	3,638
2/F	4,058
3/F	4,058
Total	**11,979**

The property is held under Government Lease for a term of 999 years commencing from 16 January 1860 subject to a payment of an annual Government rent of HK$13.78 for the lot.

Notes:

1. The subject building is situated on the northern side of Shau Kei Wan Road at the junction with Hoi Ning Street. The locality is characterized by low to high-rise composite buildings of various ages.

2. The registered owner of the property is Wellfield Properties Development Limited (formerly known as Wealth Pine Limited), an indirect wholly-owned subsidiary of the Company, vide Memorial No. 06021600620078 dated 23 January 2006.

3. According to the Shau Kei Wan Outline Zoning Plan No. S/H9/18 dated 17 April 2015, the site of the property is zoned as "Residential (Group A) 2".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Deed of Mutual Covenant vide Memorial No. UB2362533 dated 17 January 1983; and

   b. Mortgage for all moneys in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12082901960047 dated 6 August 2012.

5. Pursuant to the tenancy agreement dated 18 August 2016, the property is leased to Masswell Development Limited, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$240,000 exclusive of rates, Government rent and management fee.

6. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. These selected comparables are commercial units on upper floors of composite buildings which were transacted in 2016. The unit price of these comparables ranges from HK$7,500/sq.ft. to HK$10,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$9,183/sq.ft. on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
6.	Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), the whole of the 1st and 2nd Floors including the staircase in the entrance hall and the staircases adjacent to Shop Nos. 1, 6 and 7 leading from G/F to 2/F level, Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories 39/226th shares of and in Kwai Chung Town Lot No. 181	The property comprises a shop unit on ground floor and cockloft level, the commercial space on whole of 1st and 2nd floors, and a residential unit on 3rd floor with flat roof of a 22-storey composite building completed in 1977. The property has a total saleable area of approximately 24,456 sq.ft. (or 2,272.02 sq.m.). **Floor** / **Saleable Area (sq.ft.)** G/F and cockloft: 637 1/F: 11,680 2/F: 11,680 3/F: 459 **Total: 24,456** The flat roof area is approximately 1,238 sq.ft. (or 115.01 sq.m.). The property is held under New Grant No. TW4842 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the property.	As at the valuation date, the property was leased under an intra-group tenancy agreement and occupied for elderly centre and staff dormitory. (Please see notes 5 and 6 for details.)	169,000,000

Notes:

1. The property is situated on the north-western side of Hing Fong Road close to the junction with Wing Fong Road to the north. The locality is characterized by public housing estate and composite buildings of various ages.

2. The registered owner of the property is Ruby International Investment Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. TW1153774 dated 10 July 1997 (Re.: for Shop No. 10 on Ground Floor, the whole of 1st and 2nd Floors) and Memorial No. TW1153773 dated 10 July 1997 (Re.: for Flat C on 3rd Floor and Flat Roof).

3. According to the Kwai Chung Outline Zoning Plan No. S/KC/28 dated 13 June 2014, the site of the property is zoned as "Residential (Group A)".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Occupation Permit vide Memorial No. TW140182 dated 7 March 1977;

   b. Deed of Covenant vide Memorial No. TW141619 dated 1 April 1977;

   c. Legal Charge to secure general banking facilities in favour of The China and South Sea Bank Limited vide Memorial No. TW1153775 dated 10 July 1997 (Re.: the whole of 1st and 2nd Floors);

   d. Deed Poll vide Memorial No. TW1259686 dated 9 September 1998 (Re.: Shop No. 10 on Ground Floor, the whole of 1st and 2nd Floors);

   e. Sub-Deed of Mutual Covenant vide Memorial No. TW1269787 dated 13 January 1999 (Re.: Shop No. 10 on Ground Floor); and

   f. Mortgage for all moneys in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12082901960021 dated 6 August 2012 (Re.: Shop No. 10 on Ground Floor and Flat C on 3rd Floor with flat roof).

5. Pursuant to the tenancy agreement dated 18 August 2016, Flat C on 3rd Floor of the property is leased to Gericare Centre Limited, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$13,000 inclusive of rates, Government rent and management fee.

6. Pursuant to the tenancy agreement dated 18 August 2016, the remainder of the property is leased to Gericare Centre Ltd, an indirect wholly-owned subsidiary of the Company, for a term commencing on 1 August 2016 and expiring on 31 March 2018 at the monthly rent of HK$407,000 exclusive of Government rent, rates and management fee.

7. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. These selected comparables are commercial units on ground and upper floors and residential units of composite building, which were transacted between 2015 and 2016. The unit price of these comparables ranges from HK$16,900/sq.ft. to HK$27,300/sq.ft. for ground floor, from HK$6,200/sq.ft. to HK$7,800/sq.ft. for commercial units on upper floors and from HK$8,300/sq.ft. to HK$10,300/sq.ft. for residential units on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$20,565/sq.ft. for ground floor, HK$6,451/sq.ft. for commercial units on upper floor and HK$11,329/sq.ft. for the residential unit on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016
				(HK$)
7.	Workshops 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories 16/2,957th shares of and in the Remaining Portion of Tsun Wan Inland Lot No. 27	The property comprises two workshop units on the 36th floor of a 33-storey (4th–7th, 13th, 14th, 24th and 34th floors omitted) industrial building completed in 2010. The property has a total saleable area of approximately 1,740 sq.ft. (or 161.65 sq.m.). The property is held under Conditions of Sale No. UB5087 for a term of 75 years renewable for 24 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the property.	As at the valuation date, the property was occupied by the Group for workshop and ancillary office purposes.	12,300,000

Notes:

1. The property is situated on the southern side of Sha Tsui Road close to the junction with Tai Chung Road. The locality is characterized by industrial buildings of various ages as well as some office buildings.

2. The registered owner of the property is Fully Trend Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. 15061602280087 dated 1 June 2015 for a consideration of HK$12,570,000.

3. According to the Tsuen Wan Outline Zoning Plan No. S/TW/32 dated 13 May 2016, the site of the property is zoned as "Other Specified Uses (Business)".

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Occupation Permit No. NT 36/2010 (OP) vide Memorial No. 10073003060375 dated 6 July 2010;

   b. Deed of Mutual Covenant and Management Agreement vide Memorial No. 10083102930174 dated 13 August 2010;

c. Mortgage for all moneys in favour of China Construction Bank (Asia) Corporation Limited vide Memorial No. 15061602280095 dated 1 June 2015; and

d. Assignment of Rentals in favour of China Construction Bank (Asia) Corporation Limited vide Memorial No. 15061602280104 dated 1 June 2015.

5. Our valuation has been made on the following basis and analysis:

a. In our valuation, we have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. These selected comparables are workshops units which were transacted in 2016. The unit price of these comparables ranges from HK$6,000/sq.ft. to HK$7,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed average unit rate of HK$7,069/sq.ft. on saleable area basis for the subject property; and

b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 August, 2015 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its memorandum of association (the "**Memorandum**") and its articles of association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 23 January, 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine), or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers published daily and circulating generally in Hong Kong and in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 8 September 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 August 2015.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 June 2016 and our principal place of business in Hong Kong is G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong. In connection with such registration, our Company has appointed Mr. Billy Yim of Flat A, 37/F, Block 2, Harbour Green, 8 Sham Mong Road, Tai Kok Tsui, Kowloon, Hong Kong and Mr. Chan Yip Keung of Flat B4, 1/F, 3 College Road, Kowloon, Hong Kong as its authorised representatives for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

(a) As at the date of incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On the same day, one subscriber Share in our Company with a par value of HK$0.01 was allotted and issued as fully paid to the initial subscriber at par value of HK$0.01. On the same day, the said one Share was transferred to Pine Active Care at par value of HK$0.01. Upon completion, the entire issued share capital of our Company became wholly owned by Pine Active Care.

(b) On 23 January 2017, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional of 4,962,000,000 Shares.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK$50,000,000 divided into 5,000,000,000 Shares, of which 864,000,000 Shares will be allotted and issued as fully paid or credited as fully paid, and 4,136,000,000 Shares will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in "A. Further Information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 January 2017" and "A. Further Information about our Company — 6. Repurchase of our Shares" in this appendix and the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of our authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration to our Company's share capital since its incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. See "History, Development and Reorganisation — Reorganisation" in this prospectus for further details.

4. Changes in share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in this appendix and the section headed "History, Development and Reorganisation — Reorganisation" in this prospectus, there has been no alteration to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

Fully Trend

Fully Trend was incorporated in Hong Kong with limited liability on 24 October 2007. As at the time of its incorporation, Fully Trend had an authorised share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1.00 each. On the same day, one subscriber share with a par value of HK$1.00 was allotted and issued as fully paid to GNL07 Limited, the subscriber.

On 16 November 2007, GNL07 Limited transferred one share in Fully Trend to Ms. Chu Lai King, and on the same day, one share in Fully Trend was allotted and issued to each of Mr. Elson Yim and Mr. Yim Wah for HK$1.00 per share.

On 1 December 2008, each of Ms. Chu Lai King, Mr. Elson Yim and Mr. Yim Wah transferred one share in Fully Trend to Prime Health. On 2 December 2008, 5,997 shares and 4,000 shares were allotted and issued to Prime Health and Aplica Pacific for HK$5,997 and HK$4,000, respectively.

On 26 May 2015, Aplica Pacific transferred 4,000 shares in Fully Trend to Prime Health for HK$4,000.

Star Bridge

Star Bridge Investment Limited ("**Star Bridge**") was incorporated in Hong Kong with limited liability on 2 April 2014. As at the time of its incorporation, Star Bridge had an authorised share capital of HK$1.00 divided into one ordinary share of HK$1.00. On the same day, one subscriber share with a par value of HK$1.00 was allotted and issued as fully paid to Comkit Limited, the subscriber.

On 24 April 2014, Comkit Limited transferred one share in Star Bridge to Pine Care Elderly Home.

On 20 November 2015, Star Bridge was dissolved by deregistration.

Pine Care Elegance

Pine Care Elegance was incorporated in Hong Kong with limited liability on 8 December 2016. On the same day, 10,000 subscriber shares in Pine Care Elegance were allotted and issued as fully paid to Pine Care Elderly Home for HK$10,000.

5. Written resolutions of our sole Shareholder passed on 23 January 2017

Written resolutions of our sole Shareholder of our Company, Pine Active Care, were passed on 23 January 2017 approving, among others, the following:

(a) the Memorandum and the Articles were adopted as the memorandum of association of our Company with immediate effect and articles of association of our Company with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by the creation of additional 4,962,000,000 Shares of HK$0.01 each, all of which shall rank pari passu in all respects with the then existing Shares; and

(c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, (i) the Shares in issue; (ii) the Shares to be issued under the Capitalisation Issue and the Share Offer (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (iii) the Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (bb) the Offer Price having been duly determined and the execution and delivery of the Underwriting Agreements on the dates as specified in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of other Public Offer Underwriters)) and not being terminated in accordance with the terms of such agreements (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times):

    (i) the Share Offer and the Over-allotment Option were approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer and the exercise of the Over-allotment Option, subject to such modifications, amendments, variations or otherwise as may be made by our Board (or any committee established by our Board) in their absolute discretion; (bb) implement the Share Offer and the Listing; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

    (ii) the Listing was approved and our Directors were authorised and directed to do all such things and execute all such documents to implement the Listing;

(iii) conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to allot and issue a total of 647,999,999 Shares credited as fully paid at par to Pine Active Care by way of capitalisation of the sum of HK$6,479,999.99 standing to the credit of the share premium account of our Company and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares;

(iv) the rules of the Share Option Scheme were approved and adopted and the Board (or any committee thereof established by the Board) was authorised, at its sole discretion, to (aa) administer the Share Option Scheme; (bb) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (cc) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any option(s) granted thereunder; (dd) allot, issue and deal with the Shares pursuant to the exercise of any share option which may be granted under the Share Option Scheme; (ee) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part that may from time to time be issued and allotted pursuant to the exercise of the share options granted under the Share Option Scheme; and (ff) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;

(v) subject to the requirements under the Listing Rules and all applicable laws and regulations in Hong Kong and the Cayman Islands, a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued, (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, any specific authority granted by the Shareholders in general meeting(s), any arrangements that would be regulated under Chapter 17 of the Listing Rules, or upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue), Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the entire issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme); and (bb) the aggregate number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting is required by the Articles or any applicable laws and regulations in Hong Kong and the Cayman Islands to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking, varying or renewing the authority given to our Directors, whichever occurs first;

(vi) subject to and in accordance with all applicable laws in Hong Kong and the Cayman Islands and the requirements of the Listing Rules as amended from time to time, a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the Listing Rules (or of such other stock exchange), Shares not exceeding 10% of the entire issued share capital of our Company in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting is required by the Articles or any applicable laws and regulations in Hong Kong and the Cayman Islands to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking, varying or renewing the mandate given to our Directors, whichever occurs first; and

(vii) a general unconditional mandate mentioned in sub-paragraph (v) above was extended by the addition of the aggregate number of Shares which may be repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (vi) above, provided that such extended amount shall not exceed 10% of the entire issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme).

6. Repurchase of our Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval to our Directors.

Note: Pursuant to the written resolutions of our sole Shareholder passed on 23 January 2017, a general unconditional mandate to repurchase our Company's securities (the "**Repurchase Mandate**") was given to our Directors. See "A. Further Information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 January 2017" in this appendix for further details.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the Companies Law and the Listing Rules. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of profits of our Company, out of share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital of our Company. Any amount of premium payable on the repurchase over the par value of the shares to be purchased must be out of profits of our Company, out of our Company's share premium account before or at the time our Shares are repurchased, or, subject to the Companies Law, out of capital of our Company.

(iii) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on the Stock Exchange if the result of the repurchase would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not repurchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

Under the Companies Law, a company's repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. on the following Business Day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month, the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person which includes a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and its Shareholders.

(c) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 864,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), could accordingly result in up to 86,400,000 Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in "A. Further Information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 January 2017" in this appendix.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or its subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in our Company's voting rights increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

Our Company has not made any repurchase of its own securities since its incorporation.

No core connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or any of the members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) an agreement dated 21 December 2015 entered into between Giant Success, as the vendor, and Pun Ko Fan, as the purchaser, in relation to the transfer of a property located at Car Parking Space No. 3–91 on L3 Floor of The Capitol of Lohas Park for a consideration of HK$1,320,000;

(b) an agreement dated 18 January 2016 entered into between Giant Success, as the vendor, and Cheung Cheuk Kau and Cheung Suet Ngan Bridget, as the purchasers, in relation to the transfer of a property located at Car Parking Space No. 3–56 on L3 Floor of The Capitol of Lohas Park for a consideration of HK$1,330,000;

(c) an agreement dated 18 January 2016 entered into between Giant Success, as the vendor, and Sam Mei Yin, as the purchaser, in relation to the transfer of a property located at Car Parking Space No. 3–66 on L3 Floor of The Capitol of Lohas Park for a consideration of HK$1,330,000;

(d) an agreement dated 18 January 2016 entered into between Giant Success, as the vendor, and Sam Mei Yin, as the purchaser, in relation to the transfer of a property located at Car Parking Space No. 3–76 on L3 Floor of The Capitol of Lohas Park for a consideration of HK$1,330,000;

(e) an agreement dated 19 April 2016 entered into between Mainfield, as the vendor, and East Talent Investments Limited, as the purchaser, in relation to the transfer of a property located at Workshop B on the Seventh Floor of Tung Luen Industrial Building Nos. 319–325 Castle Peak Road Kwai Chung and Nos. 1–4 Yip Shing Street, Kwai Chung, New Territories, Hong Kong for a consideration of HK$12,370,000;

(f) the Reorganisation Agreement;

(g) a sale and purchase agreement dated 18 August 2016 entered into between Fitbest, as the vendor, and Pine Care River, as the purchaser, in relation to the transfer of the entire issued share capital of Added Twist to Pine Care River for a consideration of HK$156,626;

(h) a sale and purchase agreement dated 18 August 2016 entered into between Besting Holdings, as the vendor, and Pine Care River, as the purchaser, in relation to the transfer of the entire issued share capital of Best Luck to Pine Care River for a consideration of HK$674,618;

(i) a sale and purchase agreement dated 18 August 2016 entered into between Prime Health, as the vendor, and Pine Active Care, as the purchaser, in relation to the transfer of the entire issued share capital of Giant Success to Pine Active Care for a consideration of HK$17,071,460;

(j) a memorandum of agreement for sale and purchase dated 30 August 2016 entered into between Grant Smart, as the vendor, and Giant Success, as the purchaser, in relation to the transfer of a property located at Flat LD on the Sixty Second Floor of Tower 5 of Le Prestige of Lohas Park for a consideration of HK$8,700,000;

(k) a memorandum of agreement for sale and purchase dated 30 August 2016 entered into between Grant Smart, as the vendor, and Giant Success, as the purchaser, in relation to the transfer of a property located at Flat RB on the Fiftieth Floor of Tower 5 of The Capitol of Lohas Park for a consideration of HK$5,350,000;

(l) a cornerstone investment agreement dated 24 January 2017 entered into among our Company, Yada International (HK) Limited and the Sole Global Coordinator, in relation to the subscription by Yada International (HK) Limited of 85,536,000 Shares;

(m) a cornerstone investment agreement dated 24 January 2017 entered into among our Company, China Oceanwide International Master Fund and the Sole Global Coordinator, in relation to the subscription by China Oceanwide International Master Fund of 40,000,000 Shares;

(n) the Right of First Refusal Deed;

(o) the Deed of Indemnity;

(p) the Deed of Non-Competition; and

(q) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which, in the opinion of our Directors, are material to our Group's business:

No.	Trademark	Class	Place of registration	Registration Number	Expiry date
1.	A 松齡 B 松龄	42	Hong Kong	2002B15067	9 July 2018
2.	Pine Care	43, 44	Hong Kong	301917432	15 May 2021
3.	A. B.	43, 44	Hong Kong	301917586	15 May 2021
4.	A 松齡 B 松龄	44	Hong Kong	303486772	27 July 2025
5.	松齡護老集團 Pine Care Group 松齡護老集團 Pine Care Group	43, 44	Hong Kong	303486781	27 July 2025

(b) Domain name

As at the Latest Practicable Date, our Company had registered the following domain name, which in the opinion of our Directors, is material to the business of our Company:

Domain name	Registered owner	Expiry date
pinecaregroup	Our Company	25 March 2018

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors in the Shares, underlying Shares and debentures of our Company and our Company's associated corporations after completion of the Capitalisation Issue and the Share Offer

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), the interests or short positions of our Directors in the Shares, underlying Shares or debentures of our Company which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, will be as follows:

(i) Interests in the Shares

Name of Director	Capacity/nature of interest	Number of Shares *(Note 1)*	Approximate percentage of shareholding
Mr. Elson Yim	Interest in a controlled corporation *(Note 2)*/ Interests held jointly with another *(Notes 3, 4)*	604,800,000 (L)	70%
Ms. Mona Cho	Interests held jointly with another *(Notes 3, 4)*/ Interest of spouse *(Note 5)*	604,800,000 (L)	70%
Mr. Alex Ng	Interests held jointly with another *(Notes 3, 4)*	604,800,000 (L)	70%
Mr. Billy Yim	Interests held jointly with another *(Note 4)*	604,800,000 (L)	70%
Mr. Edwin Yim.	Interests held jointly with another *(Notes 4)*	604,800,000 (L)	70%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 70% by Pine Active Care immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme). Pine Active Care is legally and beneficially owned as to 90% by Silverage Pine Care and Silverage Pine Care is owned as to approximately 43% by Mr. Elson Yim.

3. Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, each of Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho confirmed that, since 1 April 2013, they have adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by

themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financial and the operations of our Group at the shareholder and board levels of each member company within our Group (where applicable), and will continue to do so.

4. See "Relationship with Controlling Shareholders — Overview" for details of the relationships among Mr. Elson Yim, Ms. Mona Cho, Mr. Alex Ng, Ms. Suen, Mr. Billy Yim, Mr. Edwin Yim and Ms. Chu.

5. Ms. Mona Cho is the spouse of Mr. Elson Yim. Under the SFO, Ms. Mona is deemed to be interested in the same number of Shares in which Mr. Elson Yim is interested.

(ii) Interests in our Company's associated corporations

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of shareholding
Mr. Elson Yim	Silverage Pine Care *(Note 2)*	Beneficial owner/Interests held jointly with another *(Note 3)*	56,263,523 (L)	74.26%
Mr. Alex Ng	Silverage Pine Care *(Note 2)*	Beneficial owner/Interests held jointly with another *(Note 3)*	56,263,523 (L)	74.26%
Ms. Mona Cho	Silverage Pine Care *(Note 2)*	Beneficial owner/Interests held jointly with another *(Note 3)*	56,263,523 (L)	74.26%
Mr. Billy Yim	Silverage Pine Care *(Note 2)*	Beneficial owner/Interests held jointly with another *(Note 3)*	56,263,523 (L)	74.26%
Mr. Lam Yat Hon . .	Silverage Pine Care *(Note 2)*	Beneficial owner	3,502,826 (L)	4.62%
Mr. Ma Wing Wah .	Silverage Pine Care *(Note 2)*	Beneficial owner	772,691 (L)	1.02%
Mr. Edwin Yim. . . .	Silverage Pine Care *(Note 2)*	Beneficial owner/Interests held jointly with another *(Note 3)*	56,263,523 (L)	74.26%
Mr. Elson Yim	Pine Active Care *(Note 2)*	Interest in a controlled corporation *(Note 4)*/ Interests held jointly with another *(Note 3)*	90 (L)	90%
Mr. Alex Ng	Pine Active Care *(Note 2)*	Interests held jointly with another *(Note 3)*	90 (L)	90%
Ms. Mona Cho	Pine Active Care *(Note 2)*	Interests held jointly with another *(Note 3)*	90 (L)	90%
Mr. Billy Yim	Pine Active Care *(Note 2)*	Interests held jointly with another *(Note 3)*	90 (L)	90%
Mr. Edwin Yim. . . .	Pine Active Care *(Note 2)*	Interests held jointly with another *(Note 3)*	90 (L)	90%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares interested.

2. Our Company will be owned as to 70% by Pine Active Care immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme). Pine Active Care is legally and beneficially owned as to 90% by Silverage Pine Care. Under the SFO, Pine Active Care and Silverage Pine Care are associated corporations of our Company.

3. Mr. Elson Yim, Mr. Alex Ng, Ms. Mona Cho, Mr. Billy Yim and Mr. Edwin Yim are part of a group of Controlling Shareholders comprising seven Silverage Pine Care Shareholders. See "Relationship with Controlling Shareholders — Overview" for details of our Controlling Shareholders and their shareholdings in Silverage Pine Care.

4. Silverage Pine Care is owned as to approximately 43% by Mr. Elson Yim.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), so far as our Directors are aware, the following persons (not being our Directors or a chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	**Capacity/nature of interest**	**Number of Shares** *(Note 1)*	**Approximate percentage of shareholding**
Pine Active Care	Beneficial owner *(Note 2)*	604,800,000 (L)	70%
Silverage Pine Care	Interest in a controlled corporation *(Note 2)*	604,800,000 (L)	70%
Silverage Pillar	Interests held jointly with another *(Notes 2, 3, 4, 5)*	604,800,000 (L)	70%
Ms. Suen	Interests held jointly with another/Interest of spouse *(Notes 3, 4)*	604,800,000 (L)	70%
Ms. Cheung Sui Wa Scarlett	Interest of spouse *(Notes 4, 6)*	604,800,000 (L)	70%
Ms. Lock Hiu Yan Crystal	Interest of spouse *(Notes 4, 7)*	604,800,000 (L)	70%
Ms. Chu	Interests held jointly with another *(Note 4)*	604,800,000 (L)	70%
Mr. Cheung Hung Leung	Interest of spouse *(Notes 4, 8)*	604,800,000 (L)	70%

Name	Capacity/nature of interest	Number of Shares *(Note 1)*	Approximate percentage of shareholding
Yada International (HK) Limited	Beneficial owner *(Note 9)*	85,536,000 (L)	9.9%
Yada International Holdings Limited . . .	Interest in a controlled corporation *(Note 9)*	85,536,000 (L)	9.9%
Beijing Harmony Growth Investment Center LP* (北京和諧成長投資中心(有限合夥)).	Interest in a controlled corporation *(Note 9)*	85,536,000 (L)	9.9%
Beijing Harmony Tiancheng Investment Management Center LP* (北京和諧天成投資管理中心(有限合夥)). .	Interest in a controlled corporation *(Note 10)*	85,536,000 (L)	9.9%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 70% by Pine Active Care immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme). Pine Active Care is legally and beneficially owned as to 90% by Silverage Pine Care.

3. (a) Silverage Pine Care is owned as to approximately 43% by Mr. Elson Yim. Under the SFO, Silverage Pine Care and Mr. Elson Yim are deemed to be interested in the same number of Shares held by Pine Active Care.

   (b) Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, each of Mr. Elson Yim, Mr. Alex Ng and Ms. Mona Cho confirmed that, since 1 April 2013, they have adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financial and the operations of our Group at the shareholder and board levels of each member company within our Group (where applicable), and will continue to do so.

   (c) Ms. Suen is the spouse of Mr. Alex Ng. Under the SFO, Ms. Suen is deemed to be interested in the same number of Shares in which Mr. Alex Ng is interested.

4. See "Relationship with Controlling Shareholders — Overview" for details of the relationships among Mr. Elson Yim, Ms. Mona Cho, Mr. Alex Ng, Ms. Suen, Mr. Billy Yim, Mr. Edwin Yim and Ms. Chu.

5. Pine Active Care is owned as to 10% by Silverage Pillar, which in turn is owned as to an aggregate of 93.58% by Mr. Elson Yim and Mr. Alex Ng. Together with Silverage Pine Care, Silverage Pillar is entitled to control the exercise of 30% or more of the voting power at general meetings of our Company.

6. Ms. Cheung Sui Wa Scarlett is the spouse of Mr. Billy Yim. Under the SFO, Ms. Cheung Sui Wa Scarlett is deemed to be interested in the same number of Shares in which Mr. Billy Yim is interested.

7. Ms. Lock Hiu Yan Crystal is the spouse of Mr. Edwin Yim. Under the SFO, Ms. Lock Hiu Yan Crystal is deemed to be interested in the same number of Shares in which Mr. Edwin Yim is interested.

8. Mr. Cheung Hung Leung is the spouse of Ms. Chu. Under the SFO, Mr. Cheung Hung Leung is deemed to be interested in the same number of Shares in which Ms. Chu is interested.

9. Yada International (HK) Limited is one of our cornerstone investors. Yada International (HK) Limited is wholly-owned by Yada International Holdings Limited, which is in turn owned as to 40% by Beijing Harmony Growth Investment Center LP. See "Cornerstone Investors — The Cornerstone Investors — Yada HK" of this prospectus for details of Yada International (HK) Limited.

10. Beijing Harmony Tiancheng Investment Management Centre LP is the general partner of Beijing Harmony Growth Investment Center LP.

(b) Negative statement regarding interests in securities

None of our Directors will immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme) has any discloseable interests (as referred to in (a) above) other than as disclosed at (a) above.

Our Directors are not aware of any persons who will immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (a) above.

2. Particulars of Director's service agreements and letters of appointment

(a) Executive Directors

Each of the executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date. The appointments of the executive Directors are subject to the provision of retirement by rotation of Directors under the Articles. Each of the executive Directors (except Mr. Chan Yip Keung) is entitled to an annual remuneration of HK$48,000. Mr. Chan Yip Keung is entitled to an annual remuneration of HK$720,000.

(b) Non-executive Directors and independent non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of three years commencing from the Listing Date. The appointments of the non-executive Directors and the independent non-executive Directors are subject to the provision of retirement by rotation of Directors under the Articles. Each of the non-executive Directors is entitled to an annual remuneration of HK$48,000 and each of the independent non-executive Directors is entitled to an annual remuneration of HK$80,000.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

During the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate emoluments paid and benefits in kind (other than bonuses and contributions to pension schemes) granted by our Group to our Directors, excluding the remuneration paid by our discontinued operations, were approximately HK$506,000, HK$210,000, HK$689,000 and HK$225,000, respectively. During the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate emoluments paid and benefits in kind (other than bonuses and contributions to pension schemes) granted by our Group to Dr. Ho Chi Tim, Ms. Chu Lai King and Mr. Shek Kam Ming, who were our Directors from 18 August 2015 to 30 April 2016, excluding the amounts paid by our discontinued operations, were approximately HK$980,000, HK$1.1 million, HK$1.3 million and HK$91,000, respectively.

During the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate of contributions to pension schemes for our Directors, excluding the remuneration paid by our discontinued operations, were approximately nil, nil, HK$14,000 and HK$6,000, respectively. During the three years ended 31 March 2016 and the four months ended 31 July 2016, the aggregate of contributions to pension schemes for Dr. Ho Chi Tim, Ms. Chu Lai King and Mr. Shek Kam Ming, who were our Directors from 18 August 2015 to 30 April 2016, excluding the amounts paid by our discontinued operations, were approximately HK$40,000, HK$41,000, HK$49,000 and HK$5,000, respectively.

During the three years ended 31 March 2016 and the four months ended 31 July 2016, no bonus was paid to or receivable by our Directors.

None of our Directors or any past director(s) of any member of our Group had been paid any sum of money for the three years ended 31 March 2016 and the four months ended 31 July 2016 (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There had been no arrangement under which a Director had waived or agreed to waive any emolument for the three years ended 31 March 2016 and the four months ended 31 July 2016.

Under the arrangements currently proposed, conditional upon the Listing, the aggregate annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	HK$
Executive Directors	
Mr. Elson Yim	48,000
Ms. Mona Cho	48,000
Mr. Billy Yim	48,000
Mr. Edwin Yim	48,000
Mr. Chan Yip Keung	720,000
Non-executive Directors	
Mr. Alex Ng	48,000
Mr. Lam Yat Hon	48,000
Mr. Ma Wing Wah	48,000
Independent non-executive Directors	
Mr. Liu Kwong Sang	80,000
Dr. Wong Ping San John	80,000
Dr. Liu Yuk Shing	80,000
Mr. Liu Walter Joseph	80,000

Each of our executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group's business and operations.

Save as disclosed in this prospectus, no other emoluments had been paid or were payable, in the three years ended 31 March 2016 and the four months ended 31 July 2016 by our Group to our Directors.

4. Related party transactions

Details of the related party transactions are set out under note 37 to the Accountants' Report set out in Appendix I to this prospectus.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive has any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO), immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once the Shares are listed;

(b) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors or the experts under "E. Other information — 8. Qualifications of experts" in this appendix below has been directly or indirectly interested in the promotion of, or in any asset(s) which has or have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors nor the experts named under "E. Other information — 8. Qualifications of experts" in this appendix below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Group's business; and

(e) none of the experts named under "E. Other information — 8. Qualifications of experts" in this appendix below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

1. Summary of terms of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**"). As at the Latest Practical Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

(b) Who may join

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any person belonging to the following classes:

(i) any employee (whether full-time or part-time, including the directors (including any non-executive Director and independent non-executive Director)) of our Company, any of its subsidiaries (within the meaning of Companies Ordinance) or any Invested Entity (an "**eligible employee**");

(ii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iii) any customer of any member of our Group or any Invested Entity;

(iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vi) any adviser (professional or otherwise), consultant, individual or equity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and

(vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more eligible participants.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to such eligible participant's contribution to the development and growth of our Group.

(c) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if the grant of such options will result in the limit referred herein being exceeded.

(ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Group) to be granted under the Share Option Scheme and any other share option schemes of our Group shall not in aggregate exceed 10% of the share capital of our Company in issue as at the date on which dealings in the Shares first commence the Stock Exchange, being 86,400,000 Shares ("**General Scheme Limit**").

(iii) Subject to (i) above and without prejudice to (iv) below, our Company may seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group shall not exceed 10% of the share capital of our Company in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.

(iv) Subject to (i) above and without prejudice to (iii) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (iii) above to eligible participants specifically identified by our Company before such approval is sought.

(d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Group (including both exercised or outstanding options) to each participant who accepts the offer for the grant of an option under the Share Option Scheme (a "**grantee**") in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the share capital of our Company in issue, such further grant shall be separately approved by the Shareholders of our Company in general meeting with such grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(e) Grant of options to core connected persons

(i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates shall be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of an option under the Share Option Scheme).

(ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the share capital of our Company in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK$5 million;

such further grant of options shall be approved by the Shareholders of our Company in general meeting. The proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting.

For the purpose of seeking the approval of the Shareholders of our Company under paragraphs (c), (d) and (e) above, our Company shall send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an option

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participant concerned (and by no other person) for a period of up to 21 days from the date, which shall be a Business Day, on which the offer is made to the eligible participant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) Performance targets

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(h) Subscription price for Shares

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph (t) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and

(iii) the nominal value of a Share.

For the purpose of calculating the subscription price where our Company has been listed for less than five Business Days, the Offer Price shall be used as the closing price for any Business Day falling within the period before the Listing Date.

(i) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of our Company for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise

Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(j) Restrictions on the time of grant of options

For so long as the Shares are listed on the Stock Exchange, an offer may not be made after inside information has come to our Company's knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to announce our results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no offer for the grant of an option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

(k) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) Rights of ceasing employment

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(m) Rights on death, ill-health or retirement

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(n) Rights on dismissal

In respect of a grantee who is an eligible employee, the date on which the grantee ceases to be an eligible employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an eligible employee.

(o) Rights on breach of contracts

In respect of a grantee other than an eligible employee, the date on which our Directors shall at their absolute discretion determine that (aa) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group or any Invested Entity on the other part; or (bb) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cession of its relation with our Group or by any other reason whatsoever, such option shall lapse as a result of any event specified in sub-paragraphs (aa) to (cc) above.

(p) Rights on takeover

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(q) Rights on winding-up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(r) Rights on compromise or arrangement between our Company and its members or creditors

In the event of a compromise or arrangement between our Company and our members or creditors in connection with a scheme for our reconstruction or amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, we shall give notice thereof to all grantees on the same date as we give notice of the meeting to the shareholders or creditors of our Company to consider such a scheme or arrangement, and thereupon any grantee (or his personal representative(s)) may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two Business Days (excluding any period(s) of closure of the share registers of our Company) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the share registers of our Company) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options (to the extent not already exercised) shall lapse and determine.

(s) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

(i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and

(ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to any conditions or limitations as they may impose.

(t) Adjustment of the subscription price

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised);

(ii) the subscription price of any option; and/or

(iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

(i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which such grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;

(ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(iv) any such adjustment shall be made in compliance with the Listing Rules and any relevant rules, codes and guidance notes issued by the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

(u) Cancellation of options

Subject to the provisions in the Share Option Scheme and the Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or any other limits approved by the Shareholders of our Company pursuant to paragraph (c)(ii) or (c)(iv) above.

(v) Termination of the Share Option Scheme

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Right of personal to the grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(x) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q), (r) and (s) above; or (iii) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (w) above.

(y) Others

(i) The Share Option Scheme is conditional upon:

(a) the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and

(b) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of the Shareholders of our Company.

(ii) The provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the articles of association for the time being of our Company for a variation of the rights attached to the Shares.

(iii) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by the Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iv) The terms of the Share Option Scheme and/or any options amended must comply with the applicable requirements of the Listing Rules.

(v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (collectively, the "**Indemnifiers**") have, under the Deed of Indemnity, given joint and several indemnities to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) in connection with, among other things:

(a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the Share Offer becomes unconditional; and

(b) all costs which any member of our Group may incur, suffer or accrue, directly or indirectly, resulting from or relating to or in consequence of or on the basis of or in connection with (i) the Reorganisation; (ii) any pending or potential litigations incurred and suffered by the member of our Group resulting from, relating to, or in consequence of, any event occurring or deemed to occur on or before the date on which the Share Offer becomes unconditional; and (iii) any possible alleged or actual breach, violation or non-compliance by any member of our Group with any laws, regulations or administrative orders or measures in Hong Kong on or before the date on which the Share Offer becomes unconditional, if any.

The Indemnifiers will, however, not be liable under the Deed of Indemnity, in relation to item (a) above, to the extent that, among others:

- provision has been made for such liability in the audited consolidated accounts of our Company or any member of our Group for the Track Record Period;

- the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or

- the taxation liability arises in the ordinary course of business of any member of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and BVI is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

2. Litigation

To the best knowledge of our Directors, as at the Latest Practicable Date, neither our Company nor any of its subsidiaries was engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its results of operations or financial condition.

3. Application for listing of Shares

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned herein and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Guotai Junan Capital Limited as its compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a period commencing on the

Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

5. Preliminary expenses

The estimated preliminary expenses relating to the incorporation of our Company are approximately HK$42,600 and are payable by our Company.

6. Promoter

Our Company does not have any promoter.

7. Particulars of the Selling Shareholder

The particulars of the Selling Shareholder are set out as follows:

Name:	Pine Active Care
Description:	Corporation
Place of incorporation:	BVI
Date of incorporation:	22 June 2015
Registered office:	Unit 8, 3/F, Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, BVI VG1110
Number of Sale Shares to be sold:	43,200,000

8. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Ernst & Young	Certified public accountants
Guotai Junan Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Mr. Martin W.H. Wong	Barrister-at-law of Hong Kong
Ipsos Limited	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Baker Tilly Hong Kong Risk Assurance Limited	Internal control consultant

9. Consents of experts

Each of the experts referred to above has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of their reports and/or letter or opinion (as the case may be) and reference to their respective names included in the form and context in which they respectively appears.

10. Fees of Sole Sponsor

The Sole Sponsor will receive a sponsorship, financial advisory and documentation fee of a total amount of HK$4.8 million in relation to the Listing.

11. Independence of the Sponsor

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

(a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sponsor for acting as the sponsor of the Listing; and

(b) by way of the compliance advisory fee to be paid to the Sole Sponsor as our Company's compliance adviser pursuant to the requirements under Rule 3A.19 of the Listing Rules.

No director or employee of the Sponsor who is involved in providing advice to our Company has or may have, as a result of the Listing, any interest in any class of securities of our Company or any of its subsidiaries. None of the directors and employees of the Sole

Sponsor has any directorship in our Company or any other companies comprising our Group. The Sole Sponsor is independent from our Group under Rule 3A.07 of the Listing Rules.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Share register

The register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and the branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

14. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's branch register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Companies Law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercising any rights attaching to them.

15. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(iv) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;

(b) no share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2016, being the date on which the latest audited financial information of our Group was reported in the Accountants' Report set out in Appendix I to this prospectus; and

(d) our Directors confirm that there had not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.

16. Bilingual prospectus

Pursuant to section 4 of our Company (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(i) copies of the **WHITE** Application Form, **YELLOW** Application Form, **GREEN** Application Form and **PINK** Application Form;

(ii) the written consents referred to in "E. Other Information — 9. Consents of experts" in Appendix V to this prospectus;

(iii) copies of the material contracts referred to in "B. Further Information about the Business of our Group — 1. Summary of material contracts" in Appendix V to this prospectus; and

(iv) the Statement of particulars of the Selling Shareholder referred to in "E. Other Information — 7. Particulars of the Selling Shareholder" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of ONC Lawyers at 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(i) the Memorandum of Association and the Articles of Association;

(ii) the audited consolidated financial statements of our Group for the three years ended 31 March 2016 and the four months ended 31 July 2016;

(iii) the accountants' report of our Group for the three years ended 31 March 2016 and the four months ended 31 July 2016 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(iv) the assurance report on the compilation of unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Section B of Appendix II to this prospectus;

(v) the letter, summary of valuation and valuation certificates relating to the property interests held by our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this prospectus;

(vi) the letter of advice prepared by Conyers Dill & Pearman, the legal advisers to our Company as to Cayman Islands law, summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;

(vii) the Companies Law;

(viii) the material contracts referred to in "B. Further Information about the Business of our Group — 1. Summary of material contracts" in Appendix V to this prospectus;

(ix) the service contracts with the executive Directors and the appointment letters with the non-executive Directors and the independent non-executive Directors referred to in "C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Director's service agreements and letters of appointment" in Appendix V to this prospectus;

(x) the written consents referred to in "E. Other Information — 9. Consents of experts" in Appendix V to this prospectus;

(xi) the rules of the Share Option Scheme;

(xii) the written legal advice issued by Mr. Martin W.H. Wong, barrister-at-law of Hong Kong, as to certain aspects of Hong Kong law relating to certain non-compliance of our Group;

(xiii) the industry report in relation to, among others, the market landscape and competitive analysis for elderly homes in Hong Kong dated 27 January 2017, commissioned by our Company and prepared by Ipsos Limited; and

(xiv) the Statement of particulars of the Selling Shareholder referred to in "E. Other Information — 7. Particulars of the Selling Shareholder" in Appendix V to this prospectus.

Pine Care Group Limited
松齡護老集團有限公司