



Bamboos Health Care Holdings Limited
百本醫護控股有限公司

INTERIM REPORT



2015 / 2016 中期報告

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)
Stock Code 股份代號 : 8216

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This report, for which the directors (the “Directors”) of Bamboos Health Care Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”, “we”, “us”, or “our”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 31 December 2015 amounted to approximately HK\$24.5 million, representing an increase of approximately 11.9% as compared with that of approximately HK\$21.9 million for the six months ended 31 December 2014.
- Profit before income tax for the six months ended 31 December 2015 amounted to approximately HK\$15.9 million, representing an increase of approximately 40.7% from approximately HK\$11.3 million recorded for the six months ended 31 December 2014.
- Profit attributable to equity holders of the Company for the six months ended 31 December 2015 amounted to approximately HK\$13.2 million, representing an increase of approximately 43.5% from approximately HK\$9.2 million recorded for the six months ended 31 December 2014.
- The board of Directors (the "Board") has resolved to declare an interim dividend of HK2.50 cents per ordinary share in the Company for the six months ended 31 December 2015, which is payable in cash on or about Friday, 4 March 2016 to shareholders whose names appear on the register of members of the Company on Friday, 26 February 2016.

FINANCIAL RESULTS

The Board is pleased to present the unaudited condensed consolidated interim financial information of the Group for the six months ended 31 December 2015 (which has been reviewed by the Company's audit committee), together with the comparative unaudited figures for the corresponding period in 2014 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Note	Three months ended 31 December		Six months ended 31 December	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	6	12,347	11,224	24,493	21,918
Other income and gain	7	1,278	535	1,768	1,172
Employee benefit expenses	8(b)	(2,932)	(2,827)	(5,883)	(6,108)
Operating lease rentals		(462)	(248)	(780)	(434)
Other operating expenses	8(c)	(1,979)	(2,837)	(3,762)	(5,170)
Operating profit		8,252	5,847	15,836	11,378
Finance income	8(a)	50	2	111	2
Finance expenses	8(a)	-	(65)	(17)	(120)
Finance income/(expenses), net		50	(63)	94	(118)
Profit before income tax	8	8,302	5,784	15,930	11,260
Income tax expense	9	(1,413)	(1,060)	(2,737)	(2,056)
Profit and total comprehensive income for the period attributable to equity holders of the Company		6,889	4,724	13,193	9,204
Earnings per ordinary share attributable to equity holders of the Company					
Basic and diluted (unaudited)	10	HK1.72 cents	HK1.18 cents	HK3.30 cents	HK2.33 cents

The notes are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,399	1,616
Prepayments and deposits	14	268	567
		1,667	2,183
Current assets			
Inventories		230	139
Trade receivables	13	18,821	18,854
Prepayments, deposits and other receivables	14	947	667
Amount due from a related company		72	72
Cash and bank balances	15	71,654	66,942
		91,724	86,674
Total assets		93,391	88,857
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	4,000	4,000
Share premium		39,123	39,123
Retained earnings		33,911	20,718
Total equity		77,034	63,841
Non-current liabilities			
Deferred income tax liabilities		72	80

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2015

		31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
	<i>Note</i>		
Current liabilities			
Trade payables	17	11,596	12,286
Accruals and other payables	18	1,438	1,895
Tax payable		3,251	5,691
Bank borrowings	19	–	5,064
		16,285	24,936
Total liabilities		16,357	25,016
Total equity and liabilities		93,391	88,857
Net current assets		75,439	61,738
Total assets less current liabilities		77,106	63,921

On behalf of the Board

Kwan Chi Hong
Director

Hai Hiu Chu
Director

The notes are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Attributable to equity holders of the Company			
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2014 (audited)	–	–	6,331	6,331
Total comprehensive income				
Profit for the period	–	–	9,204	9,204
Transactions with owners:				
Issue of shares by placing (Note 16c)	1,000	49,000	–	50,000
Capitalisation issue of shares (Note 16b)	3,000	(3,000)	–	–
Share issuance costs	–	(6,877)	–	(6,877)
At 31 December 2014 (unaudited)	4,000	39,123	15,535	58,658
At 1 July 2015 (audited)	4,000	39,123	20,718	63,841
Total comprehensive income				
Profit for the period	–	–	13,193	13,193
At 31 December 2015 (unaudited)	4,000	39,123	33,911	77,034

The notes are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Cash flow from operating activities		
Profit before income tax	15,930	11,260
Adjustments for:		
– Depreciation	266	325
– Finance income	(111)	(2)
– Finance costs	17	120
– Gain on disposal of motor vehicle	–	(80)
	16,102	11,623
Changes in working capital:		
– Inventories	(91)	(26)
– Trade receivables	33	(1,911)
– Prepayments, deposits and other receivables	19	2,589
– Balances with directors and related companies	–	(12)
– Trade payables, accruals and other payables	(1,147)	(6,700)
	14,916	5,563
Cash generated from operations	(17)	(120)
Interest paid	(5,185)	(3,877)
Income tax paid		
Net cash generated from operating activities	9,714	1,566
Cash flows from investing activities		
Purchase of property, plant and equipment	(49)	(1,793)
Proceeds on disposal of motor vehicle	–	200
Interest received	111	2
Net cash generated from/(used in) investing activities	62	(1,591)
Cash flows from financing activities		
Balances with directors and related companies	–	(275)
Proceeds from issue of new shares by way of placing	–	50,000
Share issuance costs	–	(6,877)
Proceeds from bank borrowings	–	7,000
Repayment of bank borrowings	(5,064)	(8,941)
Net cash (used in)/generated from financing activities	(5,064)	40,907

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)**

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net increase in cash and bank balances	4,712	40,882
Cash and bank balances at 1 July	66,942	19,057
Cash and bank balances at 31 December	71,654	59,939

The notes are an integral part of these unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Bamboos Health Care Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 23 November 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Uglund House, Grand Cayman, KYI-1104, Cayman Islands and its principal place of business is Unit B-C, 16/F, E-Trade Plaza, 24 Lee Chung Street, Chai Wan, Hong Kong. The Company’s shares are listed on GEM of the Stock Exchange (the “Listing”) since 8 July 2014 (the “Listing Date”).

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of healthcare staffing solution services.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 December 2015 comprises the Company and its subsidiaries.

The unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Company.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 December 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Chapter 18 to the GEM Listing Rules. The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention. This unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015, except as mentioned below.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for financial year beginning on 1 July 2015, the adoption of which does not have any significant impact to the results and financial position of the Group.

- Amendments to HKFRS 7 and HKFRS 9 on Disclosures: Mandatory effective date of HKFRS and transactional disclosures

(b) New standards and amendments to standards that have been issued but are not yet effective

The following new standards and amendments to existing standards have been published by the HKICPA but are not yet effective for the financial period beginning on or after 1 July 2015 and have not been early adopted by the Group:

- Amendments to HKAS 1 for the disclosure initiative¹;
- Amendments to HKAS 16 "Property, plant and equipment" and HKAS 38 "Intangible assets" – Clarification of acceptable methods of depreciation and amortisation¹;
- Amendments to HKAS 16 "Property, plant and equipment" and HKAS 41 "Agriculture" – Agriculture: Bearer plants¹;
- Amendment to HKAS 27 on equity method in separate financial statements;
- HKFRS 9, "Financial instruments"²;
- Amendments to HKFRS 10 and HKAS 28 on sale or contribution of assets between an investor and its associate or joint venture¹;
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception¹;
- Amendments to HKFRS 11, "Joint Arrangements" – Accounting for acquisitions of interests in joint operations¹;
- HKFRS 14, "Regulatory deferral accounts"¹;
- HKFRS 15, "Revenue from contracts with customers"²; and
- Annual improvements 2014¹;

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have a significant impact on its results and financial position.

4 ESTIMATES

The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2015.

5 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group is principally engaged in the provision of healthcare staffing solution services to private and institutional customers in which placement of healthcare personnel is made according to the specific demand from these customers, and resources are allocated based on what is most beneficial to the Group in enhancing the value as a whole, instead of any specific unit.

In addition, the Group's chief operating decision-maker considers that the performance assessment of the Group should be based on the profit before income tax of the Group as a whole. Accordingly, management considers there is only one operating segment under the requirements of HKFRS 8.

The Group primarily operates in Hong Kong with all of its non-current assets located at and capital expenditure incurred in Hong Kong. During the six months ended 31 December 2015 and 2014, all revenue was from external customers in Hong Kong.

6 REVENUE

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Turnover		
Revenue from provision of healthcare staffing solution services	24,223	21,918
Revenue from provision of outreach case assessment related activities	270	–
	24,493	21,918

6 REVENUE (CONTINUED)

An analysis of the gross components in arriving at the Group's revenue from provision of healthcare staffing solution services is set out as below:

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Gross fee	100,095	92,328
Cost attributable to healthcare personnel	(75,872)	(70,410)
Revenue from provision of healthcare staffing solution services	24,223	21,918

Gross fee does not represent the Group's revenue.

7 OTHER INCOME AND OTHER GAIN

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Other income		
– Activities income	190	188
– Advertising income	735	367
– Sales of goods	181	21
– Others	662	516
	1,768	1,092
Other gain		
– Gain on disposal of motor vehicle	–	80
	–	80
	1,768	1,172

8 PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after (crediting)/charging the followings:

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
(a) Finance (income)/expenses, net		
Finance income		
Interest income on short-term bank deposits	(111)	(2)
Finance expenses		
Interest expenses arising from bank borrowings	17	120
	(94)	118
(b) Staff costs (including directors' remuneration)		
Wages, salaries and bonus	5,446	5,570
Pension costs – defined contribution plan	310	207
Other staff welfare	127	331
	5,883	6,108
(c) Other items		
Auditor's remuneration	500	550
Cost of inventories	65	8
Depreciation for property, plant and equipment	266	325
Professional service in respect of listing preparation	–	178
Legal and professional fee	650	818
Advertising and promotional expenses	422	707

9 INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the six months ended 31 December 2015 (2014: 16.5%).

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current income tax		
– Hong Kong profits tax	2,745	1,924
Deferred income tax	(8)	132
	2,737	2,056

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 31 December 2015 and 2014.

The weighted average number of ordinary shares in issue during the six months ended 31 December 2014 used in the basic earnings per share calculation is determined on the assumption that the 299,999,980 ordinary shares issued upon the capitalisation issue (Note 16(b)) had been in issue throughout the six months ended 31 December 2014.

	Six months ended 31 December	
	2015 (unaudited)	2014 (unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	13,193	9,204
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	400,000	395,652
Basic and diluted earnings per ordinary share (HK cents)	3.30	2.33

No adjustment has been made to the basic earnings per share amount for the six months ended 31 December 2015 and 2014 as the Group had no potential dilutive ordinary shares in issue during the respective periods.

11 DIVIDENDS

On 4 February 2016, the Board resolved to declare an interim dividend of HK2.50 cents per ordinary share in the Company for the six months ended 31 December 2015, which is payable in cash on or about Friday, 4 March 2016 to shareholders whose names appear on the register of members of the Company on Friday, 26 February 2016. This interim dividend, amounting to a total of HK\$10,000,000, has not been recognised as a liability in these unaudited condensed consolidated financial information of the Company. It will be recognised in equity in the three months ending 31 March 2016.

No interim dividend was declared during the six months ended 31 December 2014.

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2015, the Group acquired at cost, furniture and fixtures of approximately HK\$2,000 (six months ended 31 December 2014: HK\$37,000); computer equipment of approximately HK\$47,000 (six months ended 31 December 2014: HK\$97,000). During the period, there was no acquisition of leasehold improvement (six months ended 31 December 2014: HK\$232,000) and motor vehicles (six months ended 31 December 2014: HK\$1,427,000).

In addition, the Group had no disposals during the six months ended 31 December 2015 (six months ended 31 December 2014: disposed of motor vehicles with net carrying amount of approximately HK\$120,000).

The Group's depreciation expenses during the six months ended 31 December 2015 amounted to approximately HK\$266,000 was included in other operating expenses (six months ended 31 December 2014: HK\$325,000).

13 TRADE RECEIVABLES

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Trade receivables	18,821	18,854

13 TRADE RECEIVABLES (CONTINUED)

During the six months ended 31 December 2015 and 2014, the Group's trade receivables have no credit term and payment is immediately due upon presentation of invoices to customers. At 31 December 2015 and 30 June 2015, all trade receivables were past due but not considered to be impaired because these mainly relate to a number of customers with limited history of default. The ageing analysis of trade receivables by the date on which the respective sales invoices were issued is as follows:

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Less than 60 days	15,926	17,397
60 days to 180 days	2,666	1,416
Over 180 days	229	41
	18,821	18,854

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have significant defaults in the past.

As at 31 December 2015 and 30 June 2015, no collateral has been received from these counterparties.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Current		
Prepayments	517	437
Deposits	403	144
Other receivables	27	86
	947	667
Non-current		
Prepayments	34	80
Deposits	234	487
	268	567
Total	1,215	1,234

15 CASH AND BANK BALANCES

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Cash at banks	41,526	36,882
Short-term bank deposits	30,121	30,000
Cash on hand	7	60
	71,654	66,942

16 SHARE CAPITAL

	Number of shares	Ordinary shares of HK\$0.01 each HK\$'000
Authorised:		
At 1 July 2014, 30 June 2015, 1 July 2015 and 31 December 2015 (unaudited)	2,000,000,000	20,000
Issued and fully paid:		
At 1 July 2014 (Note a)	20	–
Issue of shares by way of placing (Note b)	100,000,000	1,000
Capitalisation issue of shares (Note c)	299,999,980	3,000
At 30 June 2015, 1 July 2015 and 31 December 2015 (unaudited)	400,000,000	4,000

16 SHARE CAPITAL (CONTINUED)

Notes:

- (a) The Company was incorporated in the Cayman Islands with an authorised share capital of HK\$10,000 consisting of 1,000,000 ordinary shares of HK\$0.01 each on 23 November 2012. Upon incorporation, one share of HK\$0.01 was issued at par value to the Company's initial subscriber. The subscribed share was subsequently transferred to Gold Empress Limited (wholly owned by Ms. Hai Hiu Chu). During the Reorganisation, 8 shares were issued to Gold Empress Limited and 1 share was issued to Gold Beyond Limited (wholly owned by Mr. Kwan Chi Hong) at par for cash.
- (b) On 8 July 2014, an aggregate of 100,000,000 new ordinary shares with par value of HK\$0.01 each were issued to investors by way of placing at a subscription price of HK\$0.5 per share for a gross proceeds of HK\$50,000,000, among which HK\$1,000,000 was credited to the share capital account and HK\$42,123,000 (net of professional fees of HK\$6,877,000) was credited to the share premium account.
- (c) On 8 July 2014, 299,999,980 shares were issued at HK\$0.01 each by way of capitalisation of share premium arising from the gross proceeds of HK\$50,000,000 from the issue of 100,000,000 shares to public investors at the offer price of HK\$0.5 per share.

17 TRADE PAYABLES

Payment term with majority of the healthcare personnel is 30 days.

The ageing analysis of trade payables as at the balance sheet date is as follows:

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Less than 30 days	11,596	12,286

18 ACCRUALS AND OTHER PAYABLES

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Accrued expenses	748	1,291
Deferred revenue and other payables	690	604
	1,438	1,895

19 BANK BORROWINGS

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Current		
Bank borrowings due for repayment within one year which contain a repayment on demand clause	–	2,195
Bank borrowings due for repayment after one year which contain a repayment on demand clause	–	2,869
	–	5,064

During the six months ended 31 December 2015, the full amount of bank borrowings were settled by the Group's fund as well as proceeds derived from the Listing by way of placing of a total 100,000,000 new shares in our Company at the placing price of HK\$0.5 each ("the Placing").

The Group's borrowings as at 30 June 2015 were all denominated in Hong Kong dollars, and were unsecured.

The weighted average effective interest rate of the bank borrowings as at 30 June 2015 was 3.92%.

The carrying amounts of the Group's bank borrowings at 30 June 2015 approximate their fair values.

The maturity of the Group's borrowings in accordance with the repayment scheme, without taking into account the repayment on demand clauses is as follows:

	31 December 2015 HK\$'000 (unaudited)	30 June 2015 HK\$'000 (audited)
Within 1 year	–	2,195
Between 1 and 2 years	–	2,284
Between 2 and 5 years	–	585
	–	5,064

20 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. During the six months ended 31 December 2015 and 2014, except for The Hong Kong Health Care Federation Limited (being an entity in which Ms. Hai Hiu Chu and Mr. Kwan Chi Hong individually hold directorship) and Bamboos Education School for Talents Limited (being an entity of which the equity interest was 90% controlled by Ms. Hai Hiu Chu and 10% controlled by Mr. Kwan Chi Hong), the equity interests of all other related parties involving in transactions or having balances with the Group are controlled by Ms. Hai Hiu Chu.

(a) Transactions with related parties

During the six months ended 31 December 2015 and 2014, the Group carried out the following significant transactions with its related parties:

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Operating lease rental to Bamboos Limited	(432)	(360)
Advertising income from The Hong Kong Health Care Federation Limited	9	–

Operating lease rental is charged in accordance with the agreement entered into between the relevant parties, whereas those transactions with related companies are entered into at terms mutually agreed between the relevant parties.

(b) Key management compensation

Key management includes directors. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 31 December	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Basic salaries, bonuses, others allowances and benefits in kind	1,344	1,294
Pension costs – defined contribution plan	18	18
	1,362	1,312

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Providing customised healthcare staffing solution services in Hong Kong to individuals and institutional clients in a timely manner and at the same time offering duty opportunities to self-employed healthcare personnel registered with us are our principal activities.

In line with the increase in demand for healthcare and elderly services, as well as personal care, rehabilitation and home care services arising from ageing population in Hong Kong, the demand for associated need for quality or customised healthcare services had continued to grow in the first half of the financial year.

The revenue of our Group for the six months ended 31 December 2015 was approximately HK\$24.5 million (six months ended 31 December 2014: HK\$21.9 million), representing an increase of approximately 11.9%. The increase in revenue was mainly attributable to the rise in service demand from institutional clients, especially for social service organisations, and individual clients. For the six months ended 31 December 2015, revenue from the provision of institutional staffing solution services and private nursing staffing services were approximately HK\$9.4 million (six months ended 31 December 2014: HK\$8.3 million) and HK\$14.8 million (six months ended 31 December 2014: HK\$13.6 million) respectively, representing an increase of approximately 13.3% and 8.8% respectively.

Profit attributable to equity holders of our Company for the six months ended 31 December 2015 was approximately HK\$13.2 million, representing an increase of approximately 43.5% as compared with that of the corresponding period in 2014.

Our Group has continued the effort in maintaining a vast pool of healthcare personnel. The number of healthcare personnel registered with us as at 31 December 2015 was over 15,700, representing an increase of approximately 4.7 % as compared to 15,000 as at 30 June 2015. The launch of our Group's mobile application, which serves as a mobile news reader of BamBoOs! Life, a magazine edited and published by our Group for free distribution, as well as a communication channel with our registered healthcare personnel, has enhanced the delivery of information of our Group to, and interaction with, the registered healthcare personnel, our current and potential clients.

Furthermore, we consider corporate social responsibility is one of the priorities as well as opportunities for the Company, which will not only benefit the society but will become increasingly important to competitive success. We have continued to initiate voluntary work, participate in or sponsor various activities of a charitable nature, social and community events to advocate support for disabled persons and social harmony. We believe these moves can enhance our Group's brand recognition, attract more potential customers to use our healthcare staffing solution services and attract more healthcare personnel to register with our Group. By being a truly caring corporation, we believe that this will bring our members and clients closer to our Group and bring our Group closer to the society.

FINANCIAL REVIEW

Revenue

The revenue of our Group for the six months ended 31 December 2015 was approximately HK\$24.5 million, representing an increase of approximately 11.9% as compared with that of approximately HK\$21.9 million for the six months ended 31 December 2014. The increase is mainly due to the rise in service demand from both institutional clients, especially social service organisations, and individual clients, as well as the revenue generated from the provision of outreach case assessment related activities commenced in the third quarter of the financial year ended 30 June 2015.

Other income and gain

Other income and gain mainly comprised advertising income, sales of goods, activity income and others. The increase of other income and gain from approximately HK\$1.2 million for the six months ended 31 December 2014 to approximately HK\$1.8 million for the six months ended 31 December 2015 was mainly driven by the increase in advertising income, which mainly represents income from advertisements placed by advertisers in our BamBoOs! Life magazine, and income generated from healthcare related activities and sales of goods offered at our member service centre.

Expenses

Our employee benefit expenses decreased from approximately HK\$6.1 million for the six months ended 31 December 2014 to approximately HK\$5.9 million for the six months ended 31 December 2015, which was mainly attributable to the offsetting effects of the decrease in discretionary bonus paid to our staff and the increase in average number of employees.

Other operating expenses decreased from approximately HK\$5.2 million for the six months ended 31 December 2014 to approximately HK\$3.8 million for the six months ended 31 December 2015. The decrease was mainly attributable to effective measures in controlling operating expenses and the factoring out of the one-off non-recurring expenses incurred for the Listing during the six months ended 31 December 2014.

Operating lease rental increased by approximately HK\$0.4 million, from approximately HK\$0.4 million for the six months ended 31 December 2014 to approximately HK\$0.8 million. It was mainly attributable to the lease rental of our member service centre which had come into operation since December 2014.

Net finance income

Net finance income represented the interest income on short-term bank deposits offset by interest expenses on bank borrowings. Net finance income was approximately HK\$0.1 million for the six months ended 31 December 2015, while there was net finance expenses of approximately HK\$0.1 million for the six months ended 31 December 2014. Such change was primarily due to an increase of finance income from bank deposit interests and a decrease in finance expenses due to the full repayment of the bank borrowing during the six months ended 31 December 2015, amounting to HK\$7 million drawn in July 2014.

Profit for the period attributable to equity holders of the Company

Profit attributable to equity holders of the Company amounted to approximately HK\$13.2 million for the six months ended 31 December 2015, representing an increase of approximately 43.5% as compared with that of approximately HK\$9.2 million for the six months ended 31 December 2014. The increase was mainly attributable to the operating performance analysed above.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, our Group maintained cash and bank balances amounting to approximately HK\$71.7 million (30 June 2015: HK\$66.9 million). There was no bank and other borrowings as at 31 December 2015 (30 June 2015: HK\$5.1 million). Net current assets increased from approximately HK\$61.7 million as at 30 June 2015 to approximately HK\$75.4 million as at 31 December 2015, which was mainly due to full settlement of bank borrowings as well as an increase in cash and bank balances in relation to the net cash generated from operating activities.

CAPITAL STRUCTURE

During the six months ended 31 December 2015 and 2014, the capital structure of our Group consisted of cash and cash equivalents and equity attributable to equity holders of our Company, comprising issued share capital and reserves.

FOREIGN EXCHANGE EXPOSURE RISKS

Our Group's exposure to currency risk is insignificant as our Group operates in Hong Kong with all of our cash and cash equivalents and transactions denominated and settled in Hong Kong dollar. As at 31 December 2015, our Group has not used any derivative financial instruments to hedge foreign exchange risk (30 June 2015: Nil).

GEARING RATIO

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as "equity" (as shown in the unaudited condensed consolidated balance sheet) plus net debt. Our Group had no outstanding bank and other borrowings as at 31 December 2015; and had a net cash position as at 30 June 2015 as its cash and bank balances exceeded the total balance of borrowings by approximately HK\$61.9 million.

CAPITAL COMMITMENTS

As at 31 December 2015, our Group had no significant capital commitments (30 June 2015: HK\$0.1 million).

PLEDGE OF ASSETS

As at 31 December 2015, there was no significant pledge on our Group's assets (30 June 2015: Nil).

CONTINGENT LIABILITIES

As at 31 December 2015, our Group had no significant contingent liabilities (30 June 2015: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Our Group did not have other plans for material investments or capital assets as at 31 December 2015.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the six months ended 31 December 2015 and 2014, our Group did not hold any significant investment in equity interest in any other company and there were no material acquisitions and disposals of subsidiaries and affiliated companies by our Group.

EMPLOYEES AND REMUNERATION POLICIES

The remuneration package of our staff includes salary and discretionary bonus. Employees' remuneration is determined based on the individual's qualifications, experience, position, job responsibilities and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses are paid to staff with reference to our financial performance of the preceding financial year and performance of individual staff.

As at 31 December 2015, our Group engaged a total of 35 employees (30 June 2015: 32). Total staff costs including Directors' remuneration for the six months ended 31 December 2015 amounted to approximately HK\$5.9 million (six months ended 31 December 2014: HK\$6.1 million). Our Group's remuneration policies are in line with the prevailing market practices.

Our Company has adopted a share option scheme (the "Share Option Scheme") under which eligible participants (including, among others, full-time employees) may be granted options to subscribe for shares in our Company. As at 31 December 2015, no options had been granted under the Share Option Scheme.

Our Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong in accordance with the rules of the MPF Scheme.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Company's prospectus issued on 30 June 2014 (the "Prospectus") in connection with the Listing with our Group's actual business progress for the six months ended 31 December 2015 (the "Review Period") is set out below:

Business objectives for the Review Period as stated in the Prospectus	Actual business progress up to 31 December 2015
<p>1. Enhancing business operation efficiency</p> <ul style="list-style-type: none"> • Introduce new case management system and synchronise it with our CRM system • Pay the cost of the newly recruited healthcare professional 	<p>The case management system synchronisation was in place and had entered the installation and trial stage.</p> <p>Our Group retained one healthcare professional in the management team as a consultant for the strategic development of the Group.</p>
<p>2. Strengthening brand awareness and expanding healthcare personnel pool</p> <ul style="list-style-type: none"> • Continue our advertising campaign • Expand our healthcare personnel pool 	<p>Our Group had launched various advertising campaigns including television advertisement and internet campaigns. We have also put effort in designing new corporate gimmicks as well as continued to sponsor charity programmes.</p> <p>As at 30 June 2015 and 31 December 2015, the numbers of healthcare personnel registered in our database were over 15,000 and 15,700 respectively, representing an increase of approximately 4.7%.</p>

3. Enhancing healthcare staffing solution services
- Strengthen our customer services department and other back office support
 - Maintain our point-to-point pick-up service
- In line with the business growth, our Group had been opening additional headcounts in the customer services, administration and accounting department.
- We have maintained a motor vehicle for our engagement in point-to-point pick-up service. The hire care permit required for the commencement of our provision of the service is under application.
- Furthermore, our Group had launched an online portal and mobile application. Our Group also renovated our corporate website to make it compatible with mobile devices in order to enhance the experience of our clients when searching for and accessing service information.
4. Developing our outreach services team
- The outreach services team was stable and the operation of outreach assessment related services was smooth and steady.
5. Repayment of indebtedness
- Approximately HK\$4.8 million was paid to settle the full amount of bank borrowings drawn in July 2014. As at 31 December 2015, our Group had no outstanding bank borrowings.

USE OF PROCEEDS

The net proceed from the Placing were approximately HK\$39.8 million. During the Review Period, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus for the Review Period <i>HK\$'million</i>	Actual use of proceeds during the Review Period <i>HK\$'million</i>
• Enhancing business operation efficiency (<i>Note 1</i>)	1.1	0.2
• Strengthening brand awareness and expanding healthcare personnel pool	1.0	1.0
• Enhancing healthcare staffing solution services (<i>Note 2</i>)	1.8	0.5
• Developing our outreach services team (<i>Note 3</i>)	1.4	0.2
• Repayment of indebtedness	4.8	4.8
	<hr/>	
	10.1	6.7
	<hr/>	

Notes:

1. The actual cost of the case management system first stage synchronisation was less than budgeted, and has been undergoing the trial process, which is expected to be completed by June 2016. System maintenance and further upgrade are expected to be continuously carried out in the coming quarters.
2. The application process of the hire care permit required for the provision of point-to-point pick-up service for enhancing the healthcare personnel staffing solution services takes longer time than expected. Since the service was not yet commenced, related expenditure was less than the planned use of proceeds.
3. The actual use of proceeds for developing outreach services team amounted to approximately HK\$0.2 million, which was less than the planned use of proceeds of HK\$1.4 million. This is mainly because the market for outreach assessment related services takes time to develop and generate more demand.

As disclosed in the Prospectus, to the extent that the net proceeds from the Placing are not immediately required for the above purposes, they had been placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

In the event that any part of the business plans of our Group does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other business plans and/or to new projects of our Group and/or to hold the funds as short-term interest bearing deposits so long as our Directors consider it to be in the best interest of our Company and our shareholders taken as a whole.

COMPETING INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Save as disclosed in the Prospectus and summarised below, none of the Directors, the controlling shareholders of our Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of our Group and any other conflict of interest with our Group during the six months ended 31 December 2015.

Name of company	Shareholding in the company attributable to our Directors or controlling shareholders	Nature of business	Remarks
Bamboos Medicine Limited (" BML ")	100% by Ms. Hai Hiu Chu	Provision of Chinese medicine consultation and treatment services in Hong Kong	Ms. Hai Hiu Chu is a director of BML
Bamboos Education – School for Talents Limited (" BEST ")	90% by Ms. Hai Hiu Chu and 10% by Mr. Kwan Chi Hong	Provision of healthcare related training service in Hong Kong	Both Ms. Hai Hiu Chu and Mr. Kwan Chi Hong are directors of BEST

The controlling shareholders of our Company (namely Mr. Kwan Chi Hong, Ms Hai Hiu Chu, Gold Empress Limited and Gold Beyond Limited) had confirmed to the Company that, during the six months ended 31 December 2015, they and their respective close associates (as defined under the GEM Listing Rules) had complied with the undertakings contained in the deed of non-competition undertaking dated 24 June 2014 given by them in favour of our Company (for ourselves and as trustee for and on behalf of each of our subsidiaries) as disclosed in the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests and short positions in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executives of our Company which have been 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 were taken or deemed to have under such provisions of the SFO), or have been entered in the register maintained by our Company pursuant to section 352 of the SFO, or otherwise have been notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares of our Company (the "Shares")

Name of Director	Nature of interest	Number of Shares	Percentage of shareholding (Note 4) (%)
Ms. Hai Hiu Chu	Interest of a controlled corporation	270,000,000 (Note 1)	75%
	Deemed interest	30,000,000 (Note 3)	
Mr. Kwan Chi Hong	Interest of a controlled corporation	30,000,000 (Note 2)	75%
	Deemed interest	270,000,000 (Note 3)	

Notes:

- Ms. Hai Hiu Chu is deemed to be interested in the Shares held by Gold Empress Limited ("Gold Empress") by virtue of the SFO as Gold Empress is wholly owned by Ms. Hai Hiu Chu.
- Mr. Kwan Chi Hong is deemed to be interested in the Shares held by Gold Beyond Limited ("Gold Beyond") by virtue of the SFO as Gold Beyond is wholly owned by Mr. Kwan Chi Hong.

3. Ms. Hai Hiu Chu and Mr. Kwan Chi Hong, being our executive Directors, are deemed to be parties acting in concert under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As such, Ms. Hai Hiu Chu, Mr. Kwan Chi Hong, Gold Empress and Gold Beyond are all regarded as parties acting in concert under the Takeovers Code and are therefore deemed to be interested in the Shares held by each other.
4. The percentage of shareholding is calculated on the basis of 400,000,000 shares in the Company in issue as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executives of our Company had an interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by our Company pursuant to section 352 of the SFO, or which were required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF OUR COMPANY

So far as our Directors are aware, as at 31 December 2015, other than the Directors and chief executives of our Company, the following persons/entities had interests or short positions in the shares or underlying shares of our Company which were required to be disclosed to our Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares held	Percentage of shareholding (Note 4) (%)
Gold Empress	Beneficial owner	270,000,000	75%
	Deemed interest	30,000,000 <i>(Note 1) (Note 3)</i> (long position)	
Gold Beyond	Beneficial owner	30,000,000	75%
	Deemed interest	270,000,000 <i>(Note 2) (Note 3)</i> (long position)	

Notes:

1. Under the SFO, Ms. Hai Hiu Chu is deemed to be interested in 270,000,000 Shares held by Gold Empress by virtue of Ms. Hai Hiu Chu holding the entire issued share capital of Gold Empress.
2. Under the SFO, Mr. Kwan Chi Hong is deemed to be interested in 30,000,000 Shares held by Gold Beyond by virtue of Mr. Kwan Chi Hong holding the entire issued share capital of Gold Beyond.
3. Ms. Hai Hiu Chu and Mr. Kwan Chi Hong, being our executive Directors, are deemed to be parties acting in concert under the Takeovers Code. As such, Ms. Hai Hiu Chu, Mr. Kwan Chi Hong, Gold Empress and Gold Beyond are all regarded as parties acting in concert under the Takeovers Code and are therefore deemed to be interested in the Shares held by each other.
4. The percentage of shareholding is calculated on the basis of 400,000,000 shares in the Company in issue as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, no other person had any interests or short positions in the shares or underlying shares of our Company which were required to be disclosed to our Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of our Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

Our Company's share option scheme was conditionally approved by a resolution of our shareholders passed on 24 June 2014 and became unconditional upon the Listing Date.

The share option scheme is valid and effective for a period of 10 years from 8 July 2014, after which no further options will be granted or offered.

There was no option outstanding, granted, cancelled, exercised or lapsed during the six months ended 31 December 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 31 December 2015, neither our Company nor any of our subsidiaries had purchased, redeemed or sold any of our Company's listed securities.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Halcyon Capital Limited (“Halcyon”), compliance adviser of our Company, neither Halcyon nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Halcyon had any interest in the share capital of our Company or any member of our Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2015.

Pursuant to the agreement dated 30 June 2014 entered into between Halcyon and our Company, Halcyon received and will receive fees for acting as our Company’s compliance adviser.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

Our Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by our Company during the six months ended 31 December 2015.

CORPORATE GOVERNANCE

Our Board is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to achieving our Group’s vision of becoming or continuing to be a leading, most respected and fast growing provider of healthcare staffing solution services in Hong Kong and protecting the overall interests of our Company and our shareholders.

Our Company’s corporate governance practices are based on the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 31 December 2015, our Company had complied with the applicable code provisions set out in the CG Code.

AUDIT COMMITTEE

Our Board established the audit committee with written terms of reference in compliance with the GEM Listing Rules.

Our audit committee comprises three independent non-executive Directors, namely Mr. Lam Cheung Wai, Professor Chan Chi Fai, Andrew and Dr. Luk Yim Fai. Mr. Lam Cheung Wai is the chairman of our audit committee.

The audit committee had reviewed and discussed with the management of our Company the accounting principles and practices adopted by our Group and the unaudited condensed consolidated interim financial information of our Group for the six months ended 31 December 2015, as well as internal controls and other financial reporting matters.

INTERIM DIVIDEND

On 4 February 2016, the Board resolved to declare an interim dividend of HK2.50 cents per ordinary share in the Company for the six months ended 31 December 2015, which is payable in cash on or about Friday, 4 March 2016 to shareholders whose names appear on the register of members of the Company on Friday, 26 February 2016. This interim dividend, amounting to a total of HK\$10,000,000, has not been recognised as a liability in these unaudited condensed consolidated financial information of the Company. It will be recognised in equity in the three months ending 31 March 2016. During the six months ended 31 December 2014, no interim dividend was declared.

CLOSURE OF REGISTER OF MEMBERS

The register of members of our Company will be closed on Thursday, 25 February 2016 and Friday, 26 February 2016. In order to qualify for the interim dividend for the six months ended 31 December 2015, all transfer documents should be lodged for registration with our Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by 4:00 p.m. on Wednesday, 24 February 2016.

By Order of the Board
Bamboos Health Care Holdings Limited
百本醫護控股有限公司
Kwan Chi Hong
Chairman

Hong Kong, 4 February 2016

As at the date of this report, our Board comprises two executive Directors, namely, Mr. Kwan Chi Hong (Chairman) and Ms. Hai Hiu Chu (Chief Executive Officer); one non-executive Director, namely, Mr. Wong Kam Pui; and three independent non-executive Directors, namely, Mr. Lam Cheung Wai, Professor Chan Chi Fai, Andrew and Dr. Luk Yim Fai.

This report is prepared in both English and Chinese. In the event of inconsistency, the English text of the report shall prevail over the Chinese text.

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