



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



ANNUAL REPORT

2019 年報

(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：2293

Content

Corporate Information	2
Chairman’s Statement	4
Management Discussion and Analysis	5
Corporate Governance Report	14
Environmental, Social and Governance Report	31
Biographical Details of Directors and Senior Management	46
Directors’ Report	50
Independent Auditor’s Report	63
Consolidated Income Statement	69
Consolidated Statement of Comprehensive Income	70
Consolidated Balance Sheet	71
Consolidated Statement of Changes in Equity	73
Consolidated Statement of Cash Flows	74
Notes to the Consolidated Financial Statements	75
Financial Summary	132

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Hai Hiu Chu (*Chairman and Chief Executive Officer*) ^(Note)

Mr. Woo King Hang ^(Note)

Mr. Kwan Chi Hong ^(Note)

Note: Ms. Hai Hiu Chu was appointed as the Chairman on 18 August 2018. Mr. Kwan Chi Hong was the Chairman up to 17 August 2018 and resigned as an executive Director on 5 January 2019. Mr. Woo King Hang was appointed as an executive Director on 16 May 2019 and resigned on 5 July 2019.

Independent non-executive Directors

Dr. Chan Kai Yue Jason (appointed on 1 April 2019)

Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)

Dr. Ko Wing Man (appointed on 18 August 2018)

Mr. Wong Kon Man Jason (appointed on 9 January 2019)

Mr. Lam Cheung Wai (resigned on 5 January 2019)

Dr. Leung Yu Lung (resigned on 28 March 2019)

Dr. Luk Yim Fai (resigned on 5 January 2019)

BOARD COMMITTEES

Audit Committee

Mr. Wong Kon Man Jason (*Chairman* appointed on 9 January 2019)

Dr. Chan Kai Yue Jason (appointed on 1 April 2019)

Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)

Mr. Lam Cheung Wai (*Chairman* up to 4 January 2019)

Dr. Leung Yu Lung (resigned on 28 March 2019)

Dr. Luk Yim Fai (resigned on 5 January 2019)

Remuneration Committee

Dr. Ko Wing Man (*Chairman*) ^(Note)

Dr. Chan Kai Yue Jason (appointed on 5 July 2019)

Ms. Hai Hiu Chu ^(Note)

Mr. Wong Kon Man Jason (appointed on 9 January 2019)

Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)

Dr. Luk Yim Fai (*Chairman* up to 4 January 2019)

Mr. Kwan Chi Hong (appointed on 3 September 2018 and resigned on 5 January 2019)

Mr. Lam Cheung Wai (resigned on 5 January 2019)

Dr. Leung Yu Lung (resigned on 3 September 2018)

Note: Dr. Ko Wing Man was appointed as a member from 18 August 2018 to 8 January 2019 and re-designated as the Chairman since 9 January 2019. Ms. Hai Hiu Chu served as a member up to 2 September 2018 and re-appointed as a member from 9 January 2019 to 15 May 2019.

Nomination Committee

Ms. Hai Hiu Chu (*Chairman*) ^(Note)

Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)

Dr. Ko Wing Man (appointed on 18 August 2018) ^(Note)

Mr. Lam Cheung Wai (*Chairman* up to 2 September 2018) ^(Note)

Mr. Kwan Chi Hong (resigned on 3 September 2018)

Dr. Leung Yu Lung (resigned on 28 March 2019)

Dr. Luk Yim Fai (resigned on 3 September 2018)

Note: Ms. Hai Hiu Chu was appointed as a member from 3 September 2018 to 8 January 2019 and re-designated as the Chairman since 9 January 2019. Dr. Ko Wing Man was appointed as a member from 18 August 2018 to 2 September 2018, re-designated as the Chairman from 3 September 2018 to 8 January 2019; and re-designated as a member since 9 January 2019. Mr. Lam Cheung Wai served as the Chairman up to 2 September 2018 and re-designated as a member from 3 September 2018 to 5 January 2019.

Corporate Information

Compliance Committee

Ms. Chhoa Peck Lim Bella (*Chairman* appointed on 28 March 2019)
Dr. Chan Kai Yue Jason (appointed on 1 April 2019)
Ms. Hai Hiu Chu ^(Note)
Mr. Wong Kon Man Jason (appointed on 9 January 2019)
Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)
Dr. Leung Yu Lung (*Chairman* appointed on 1 July 2018 and resigned on 28 March 2019)
Mr. Kwan Chi Hong (appointed on 3 September 2018 and resigned on 5 January 2019)
Dr. Luk Yim Fai (resigned on 5 January 2019)

Note: Ms. Hai Hiu Chu was appointed as a member from 1 July 2018 to 2 September 2018 and re-appointed as a member from 9 January 2019 to 31 March 2019.

COMPANY SECRETARY

Mr. Yu Leung Fai (appointed on 1 November 2018)
Ms. Lam Yuen Ling Eva (resigned on 31 October 2018)

AUTHORISED REPRESENTATIVES

Ms. Hai Hiu Chu
Mr. Yu Leung Fai (appointed on 1 November 2018)
Mr. Kwan Chi Hong (up to 31 October 2018)

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER AS TO HONG KONG LAWS

Chiu & Partners

REGISTERED OFFICE

PO Box 309, Uglan House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4/F, Star House
3 Salisbury Road
Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Nanyang Commercial Bank
Bank of Communications Co., Ltd
Hong Kong Branch

STOCK CODE

2293

COMPANY WEBSITE

www.bamboos.com.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board" or the "Directors") of Bamboos Health Care Holdings Limited (the "Company", together with the subsidiaries, the "Group"), I am pleased to present the Group's annual results for the financial year ended 30 June 2019 (the "Year").

Approximately HK\$78.5 million of revenue is recorded in the Year, representing a decrease of approximately 3.6% comparing to that of approximately HK\$81.4 million recorded for the last financial year. Profit for the Year amounted to approximately HK\$38.9 million, representing a decrease of approximately 7.8% comparing to that of approximately HK\$42.2 million for the year ended 30 June 2018.

We believe that sustainable business requires visionary and gigantic aspiration as well as most diligent and humble execution. The Board takes initiatives from time to time to explore business opportunities and cooperate or form alliance with strategic partners to pursue new business ventures with a view to diversifying the business of the Group beyond its existing dimension and geographical location, which is in line with the Group's business strategy for sustainable development to optimise business growth and return to our stakeholders. These business endeavours in the past included the embarking on a joint venture (namely Bamboos Professional Nursing Services PTE. Limited) in Singapore with a wholly-owned subsidiary of Lippo China Resources Limited to principally engage in the provision of customised healthcare staffing solution services to individuals, institutional clients and healthcare institutions and placing of healthcare personnel on appropriate vacancies and duty assignments and the setting up of a company, Garden Medical Centre Limited ("GMC"), with two doctors to explore and tap into the potential of the operation of plastic surgery clinic(s) in Hong Kong. The Group's strong financial position also means we are well placed to continue to embark on new ventures. With steady increasing demand in medical aesthetic services and growing number of customers, the Group is confident in its potential.

During the Year, the Group diversifies its business through the acquisition of 70% of the total issued share capital of GMC, which is an associate of the Group before the completion of the acquisition. The acquisition was completed on 30 April 2019, and GMC has become a wholly-owned subsidiary of the Company following the completion of the acquisition. We will continue to seek new development and at the same time bear prudence and perseverance in mind for achieving plentiful result for all stakeholders.

Not only for business growth, but for the wellness and sustainability of the community, we take an active role during the Year in various community initiatives involving various stakeholders in the area of public health, elderly care, disadvantaged community and social diversity. We aim to get "Bamboos" accessible to not only the business sector but also every community in Hong Kong.

Looking forward, not only will we keep our commitments of care and competence, as well as making progress towards our professionalism and compassion in the provision of healthcare staffing solution services and to bring sustainable growth to our shareholders' value, we also envision a continued expansion and diversification of business via new partnership and operation of medical aesthetic clinic(s).

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our valued customers, business partners and shareholders for their persistent support, and express my appreciation to the management team and employees for their valuable contribution to the development of the Group.

HAI Hiu Chu
Chairman

Hong Kong, 27 September 2019

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

The Group is dedicated to the provision of healthcare staffing solution services to individuals and institutional clients including hospitals and social service organisations in Hong Kong. The Group offers duty opportunities to self-employed healthcare personnel registered with us. Through an outreach team of healthcare professionals, the Group also provides outreach case assessment related services.

The Group's revenue for the Year was approximately HK\$78.5 million (2018: HK\$81.4 million), representing a decrease of approximately 3.6% from the year ended 30 June 2018. Profit attributable to equity holders of the Company for the Year was approximately HK\$38.9 million, representing a decrease of approximately 7.8% as compared with approximately HK\$42.2 million for the year ended 30 June 2018.

Revenue from the provision of healthcare staffing solution services decreased by approximately HK\$4.4 million. It was mainly attributable to the decrease in demand for healthcare staffing solution services from individual clients. On the other hand, revenue from the provision of outreach case assessment related services increased slightly by approximately HK\$0.9 million. The growth in the provision of outreach case assessment related services was mainly attributable to the increase in demand for medical and health assessment services.

To maintain a vast and diversified pool of registered healthcare personnel to better seize the opportunities for growth, the Group offered various member benefits to attract and retain healthcare personnel registered with the Group. There were over 20,000 healthcare personnel registered with the Group as at 30 June 2019 (approximately 19,000 as at 30 June 2018), representing an increase of approximately 5% when compared to that of the year ended 30 June 2018.

In view of the ever-increasing ageing population, numerous on-going hospital development plans and escalating demand for services in both institutional and private healthcare staffing solution, the Board remains optimistic towards the continuous growth of the core business of the Group in the medium and long term. The Group will continue to fortify its core business and solidify its market position.

The Board takes initiatives from time to time to explore business opportunities and cooperate or form alliance with strategic partners to pursue new business ventures with a view to diversifying the business of the Group beyond its existing dimension and geographical location, which is in line with the Group's business strategy for sustainable development to optimise business growth and return to our stakeholders. These business endeavours in the past included the embarking on a joint venture (namely Bamboos Professional Nursing Services PTE. Limited) in Singapore with a wholly-owned subsidiary of Lippo China Resources Limited to principally engage in the provision of customised healthcare staffing solution services to individuals, institutional clients and healthcare institutions and placing of healthcare personnel on appropriate vacancies and duty assignments and the setting up of a company, Garden Medical Centre Limited ("GMC"), with two doctors to explore and tap into the potential of the operation of plastic surgery clinic(s) in Hong Kong. The Group is confident in the new ventures, especially in light of the increasing demand for medical aesthetic services and growing number of customers.

During the Year, the Group diversifies its business through the acquisition of 70% of the total issued share capital of GMC, which is an associate of the Group before the completion of the acquisition. The acquisition was completed on 30 April 2019, and GMC has become a wholly-owned subsidiary of the Company following the completion of the acquisition.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Year comprised revenue from (i) the provision of healthcare staffing solution services, (ii) the provision of outreach case assessment related services; and (iii) the operation of plastic surgery clinic in Hong Kong. The total revenue was approximately HK\$78.5 million for the Year, representing a slight decrease of approximately 3.6% from approximately HK\$81.4 million for the year ended 30 June 2018.

Revenue from the provision of healthcare staffing solution services for the Year was approximately HK\$73.2 million (2018: HK\$77.6 million). Among those, revenue from the institutional staffing solution services amounted to approximately HK\$39.9 million (2018: HK\$38.1 million), representing an increase of approximately 4.7%; and the revenue from the private nursing staffing services was approximately HK\$33.3 million (2018: HK\$39.5 million), representing a decrease of approximately 15.7%.

The decrease of revenue from the provision of healthcare staffing solution services was mainly attributable to the decrease in demand for healthcare staffing solution services from individual clients.

The revenue from the provision of healthcare staffing solution services as a percentage of gross fee is determined with reference to the mark-up ratio between the charge-out rate to the clients and the pay-out rate to different ranks of healthcare personnel placed by the Group and the number of service hours performed by respective rank of healthcare personnel. The revenue from the provision of healthcare staffing solution services as a percentage of gross fee slightly increased to approximately 27.2% for the Year from approximately 26.0% for the year ended 30 June 2018.

Revenue from the provision of outreach case assessment related services was approximately HK\$4.7 million for the Year (2018: HK\$3.8 million), representing an increase of approximately 23.7%. The growth was mainly due to the increase in demand for medical and health assessment services provided by the medical doctor and registered nurses in the outreach service team.

Revenue from the operation of plastic surgery clinic in Hong Kong was approximately HK\$0.6 million for the Year (2018: Nil).

Other income and other gains, net

Other income mainly comprised advertising income, sales of goods and activity income. Other income decreased from approximately HK\$4.0 million for the year ended 30 June 2018 to approximately HK\$3.3 million for the Year, representing a decrease of approximately HK\$0.7 million or approximately 17.5%.

Other gains, net for the Year mainly represents the gain on deemed disposal of an associate of approximately HK\$1.9 million and gain on bargain purchase from an acquisition of business of approximately HK\$0.3 million. Details please refer to Note 32 to the consolidated financial statements. It offsets by the loss arising from misappropriation of funds of approximately HK\$1.3 million. All these gain and losses are one-off in nature.

Management Discussion and Analysis

Expenses

The employee benefit expenses decreased from approximately HK\$21.1 million for the year ended 30 June 2018 to approximately HK\$18.0 million for the Year, which was mainly attributable to (i) other loss arising from misappropriation of funds as mentioned in "Other information" in this report of approximately HK\$0.9 million; and (ii) the resignation of key management during the Year.

The operating lease rentals increased from approximately HK\$3.2 million for the year ended 30 June 2018 to approximately HK\$5.4 million for the Year. It was mainly attributable to the increase in lease rental of the headquarter of the Group during the Year.

Other expenses increased from approximately HK\$8.6 million for the year ended 30 June 2018 to approximately HK\$10.4 million for the Year, which was mainly attributable to the increase in management service fee during the Year.

Finance income

Finance income represented the interest income on short-term bank deposits. Finance income increased from approximately HK\$0.4 million for the year ended 30 June 2018 to approximately HK\$1.1 million for the Year, representing an increase of approximately HK\$0.7 million or approximately 175%.

Income tax expense

Income tax expense amounted to approximately HK\$8.2 million for the Year, representing a decrease of approximately 5.7%, from approximately HK\$8.7 million for the year ended 30 June 2018. The Group's effective tax rate slightly increased from approximately 17.2% for the year ended 30 June 2018 to approximately 17.4% for the Year.

Profit for the Year and net profit margin

Profit for the Year amounted to approximately HK\$38.9 million, decreased by approximately HK\$3.3 million, or approximately 7.8%, from approximately HK\$42.2 million for the year ended 30 June 2018, mainly resulted from the decrease in revenue by approximately 3.6% from approximately HK\$81.4 million for the year ended 30 June 2018 to approximately HK\$78.5 million for the Year and the operating performance analysed above. There was a slight decrease in net profit margin from approximately 51.9% for the year ended 30 June 2018 to approximately 49.6% for the Year.

Management Discussion and Analysis

Trade receivables

Trade receivables slightly decreased by approximately HK\$2.5 million from approximately HK\$43.9 million as at 30 June 2018 to approximately HK\$41.4 million as at 30 June 2019. The Group generally does not grant credit terms to clients and payment is immediately due upon presentation of invoices to customers. As at 30 June 2019 and 2018, all trade receivables were past due but not considered to be impaired because these mainly related to a number of independent customers with limited history of default. During the Year, the Group did not recognise any provision for trade receivables (2018: Nil).

Trade payables

Trade payables slightly decreased to approximately HK\$16.3 million as at 30 June 2019 from approximately HK\$17.6 million as at 30 June 2018, which was mainly due to the decrease in costs payable to healthcare personnel placed by the Group during the Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group remained in a healthy and sound liquidity position as at 30 June 2019. The working capital needs and other capital requirements have been met through a combination of shareholders' equity and cash generated from operations. Going forward, the Group intends to finance its future operations and capital expenditures with cash flow generated from operating activities and the remaining net proceeds from the initial listing of the Company's shares on the then Growth Enterprise Market of the Stock Exchange by way of placing in 2014 (the "GEM Listing"). The primary uses of cash have been and are expected to continue to be operating costs and capital expenditure.

The current assets primarily comprise cash and cash equivalents, trade receivables, prepayments, deposits and other receivables, amount due from related companies and inventories.

The current liabilities primarily comprise trade payables, tax payable, accruals and other payables.

As at 30 June 2019, the Group maintained cash and cash equivalents amounting to approximately HK\$118.7 million (2018: HK\$96.8 million). Net current assets increased to approximately HK\$136.8 million as at 30 June 2019 from approximately HK\$113.4 million as at 30 June 2018, which was mainly due to net cash generated from operating activities.

FOREIGN EXCHANGE EXPOSURE RISKS

The Group's exposure to currency risk is insignificant as the Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars.

Management Discussion and Analysis

USE OF NET PROCEEDS DURING THE YEAR

The Company had, from the GEM Listing by way of placing of a total of 100,000,000 new ordinary shares of the Company at the placing price of HK\$0.5 each in 2014, raised the net proceeds of approximately HK\$39.8 million.

As at 30 June 2018, the Company had utilised approximately HK\$32.1 million of the net proceeds from the GEM Listing and approximately HK\$7.7 million remained unused (the "Remaining Net Proceeds"). Please refer to the annual report of the Company for the year ended 30 June 2018 for details.

As at 30 June 2019, the utilisation of the Remaining Net Proceeds brought forward from the previous financial year of the Company is set out below:

	Remaining Net Proceeds as at 1 July 2018 (HK\$ million)	Utilisation as at 30 June 2019 (HK\$ million)	Balance of Remaining Net Proceeds to be carried forward (if any) (HK\$ million)
Strengthening brand awareness and expanding healthcare personnel pool	6.0	3.0	3.0
Enhancing healthcare staffing solution services	0.2	0.2	–
Developing outreaching services team	1.5	1.5	–

The actual usage of the Remaining Net Proceeds during the Year was consistent with the usage as intended and previously disclosed by the Company.

During the Year, the Company had not undertaken any fund raising activity.

CAPITAL STRUCTURE

During the Year, the Group mainly relied on its equity and internally generated cash flows to finance its operations.

GEARING RATIO

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" (as shown in the consolidated balance sheet) plus net debt. As at 30 June 2019, the Group had no outstanding bank and other borrowings (2018: Nil).

Management Discussion and Analysis

CAPITAL COMMITMENTS

There were capital commitments for HK\$2.5 million to Bamboos Professional Nursing Services PTE. Limited (the joint venture company set up in Singapore) (2018: HK\$2.5 million) and approximately HK\$0.4 million for property, plant and equipment contracted but not provided for (2018: Nil) as at 30 June 2019.

PLEDGE OF ASSETS

As at 30 June 2019, there was no significant pledge on the Group's assets (2018: Nil).

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had a contingent liability of approximately HK\$2.1 million (2018: Nil). Please refer to Note 37 to the consolidated financial statements for details.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Our Group did not have other plans for material investments or capital assets as at 30 June 2019 (2018: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except for the investments disclosed in Notes 17, 18 and 32 to the consolidated financial statements, during the Year, our Group did not hold any significant investment in equity interest in any other company and there were no material acquisitions or disposals of subsidiaries and affiliated companies by our Group (2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed a total of 52 employees (2018: 38). Total staff costs including Directors' remuneration for the Year amounted to approximately HK\$18.0 million (2018: HK\$21.1 million).

The remuneration package of our employees 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 promotion are based on evaluation of performance by way of annual review, and discretionary bonuses are paid to employees with reference to the Group's financial performance of the preceding financial year and performance of individual employees. Our Group's remuneration policies are in line with the prevailing market practices.

To reward eligible participants (including but not limited to directors and employees of the Group) for their contributions to the Group and/or to incentivise or motivate them to work towards enhancing the value of the Group for its long-term growth and development for the benefit of the Company and our shareholders as a whole, the Company may from time to time grant share options pursuant to its share option scheme currently in force (which is valid and effective for a period of 10 years from 8 July 2014) to subscribe for ordinary shares in the Company. As at 30 June 2019, share options were granted by the Company under the share option scheme to selected grantees to subscribe for an aggregate of 8,000,000 ordinary shares in the Company (30 June 2018: Nil).

Management Discussion and Analysis

DIVIDEND

On 27 September 2019, the Board resolved to recommend a final dividend of HK5.00 cents (2018: HK2.50 cents) per ordinary share for the year ended 30 June 2019 to the Company's shareholders whose names appear on the register of members of the Company on Friday, 22 November 2019. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company, which is scheduled to be held on Wednesday, 13 November 2019 (the "AGM"), the final dividend, which is payable in cash, is expected to be paid on or about Tuesday, 26 November 2019.

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2018 and 2017.

OTHER INFORMATION

Updates on suspected misappropriation of funds

Reference is made to the announcement of the Company dated 4 February 2019 in relation to the suspected misappropriation of funds of the subsidiaries of the Company (the "Misappropriation").

Actions taken and findings

As previously announced and following the discovery of the Misappropriation, the Company engaged an independent consultant (the "Independent Consultant") to conduct an investigation on the Group's cash movements and uses and a review on how to improve the internal control/risk management systems and procedures of the Group to prevent similar incidents from happening again.

During the process of the investigation, it was discovered that there were multiple unauthorised autopay payments of cost attributable to healthcare personnel and employee benefit expenses made to the bank accounts of the perpetrator of the Misappropriation, being the then operations manager of a subsidiary of the Company (the "Operations Manager") and her spouse and family member. After further assessment, the aggregate amount that was misappropriated under the Misappropriation was approximately HK\$3.1 million. During the year ended 30 June 2018, approximately HK\$0.9 million was recognised in employee benefits expenses and approximately HK\$0.9 million was recognised in the cost attributable to healthcare personnel. During the Year, approximately HK\$1.3 million was recognised in the other gains, net.

In addition, the Company engaged RSM Corporate Advisory (Hong Kong) Limited ("RSM") as the independent forensic accountant to conduct digital forensic review against the electronic data of certain former employees of the Group to assess if there were any indications of conspirators in relation to certain unauthorised payment transactions of cost attributable to healthcare personnel and employee benefit expenses. Based on the report of RSM, there was no evidence to infer collusion between the Operations Manager and certain former employees for the unauthorised payment transactions.

The Independent Consultant carried out an internal control review on payroll and payments to healthcare personnel cycles. A few issues areas relating to authorisation and review of payments and segregation of duties were identified.

Management Discussion and Analysis

After the investigation is completed, the Group's management had adopted remediation measures to strengthen its internal control systems over payroll and bank disbursement process. In addition, the Group had engaged an independent third party consultant (the "Internal Control Consultant") to conduct a review over its internal control system, mainly on Revenue, Human Resources and Payments to healthcare personnel cycles. The internal control review carried out by the Internal Control Consultant did not identify any significant weaknesses in the internal controls of the Group or significant and external control violations of the Group's policies and procedures.

Based on recommendations from the Independent Consultant and the Internal Control Consultant, appropriate management action plans have been established and implemented as at the date hereof to address the internal control areas that require further improvements.

All losses resulting from the Misappropriation had been accounted for and reflected in the consolidated financial statements of the Group for the years ended 30 June 2018 and 2019.

Views of the Board on impact of the Misappropriation on the Group

Having made all reasonable enquiries and considered all information necessary for its assessment, the Board is of the considered views that:

- (a) the Misappropriation has had limited significance on the Group's overall operations;
- (b) except for the Misappropriation, there had been no other irregularities with the operations of the Group; and
- (c) the Misappropriation did not and does not have material impact on the day-to-day operations of the Group and would not have a material adverse effect on its cash flow, financial position and business operations.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD AND OTHER INFORMATION

Changes occurred after the Reporting Period and up to the date of this report

Name of Director	Event/Nature of change
Mr. Woo King Hang	Resigned as an executive Director and ceased to be a member of each of the remuneration committee and the compliance committee established by the Board with effect from 5 July 2019.
Dr. Chan Kai Yue Jason	Appointed as a member of the remuneration committee established by the Board with effect from 5 July 2019. With effect from 1 October 2019, the director's fee to which Dr. Chan is entitled has been adjusted from HK\$10,000 to HK\$15,000 per month.
Ms. Hai Hiu Chu	With effect from 1 October 2019, the director's fee to which Ms. Hai is entitled has been adjusted to HK\$100,000 per month. She is also entitled to receive a rental allowance of HK\$40,000 per month, a travelling allowance of HK\$20,000 per month and a management bonus of HK\$320,000 per annum. Prior to the adjustment, Ms. Hai was entitled to the director's fee of HK\$150,000 per month and a management bonus of HK\$300,000 per annum.
Ms. Chhoa Peck Lim Bella	With effect from 1 October 2019, the director's fee to which Ms. Chhoa is entitled has been adjusted from HK\$10,000 to HK\$15,000 per month.
Dr. Ko Wing Man	With effect from 1 October 2019, the director's fee to which Dr. Ko is entitled has been adjusted from HK\$10,000 to HK\$15,000 per month.
Mr. Wong Kon Man Jason	With effect from 1 October 2019, the director's fee to which Mr. Wong is entitled has been adjusted from HK\$10,000 to HK\$15,000 per month.

Other than the information disclosed above, there is no other significant event occurred after the reporting period or information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

The board of directors (the “Board” or the “Directors”) of the Company (together with its subsidiaries, the “Group”) is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to achieving the 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 safeguarding the overall interests of the Company and its shareholders (the “Shareholders”).

The Company’s corporate governance practices are based on the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). During the year ended 30 June 2019 (the “Year”) and up to the date of this report, the Company had complied with the applicable code provisions set out in the CG Code, except as disclosed in the paragraph headed “Corporate Governance” in this report below.

BOARD OF DIRECTORS

Our Board is responsible for leadership and control of our Company and overseeing the management of the business and affairs of our Company. Our Directors are accountable for making decisions objectively in the best interests of our Company and our Shareholders as a whole.

The day-to-day management, administration and operation of our Company are delegated to our executive Director(s), who is/are assisted by the senior management of the Group. Our independent non-executive Directors are responsible for participating in Board meetings of our Company to make an independent judgement on issues of strategy, performance, resources and standards of conducts of our Group, taking the lead where potential conflicts of interest arise and serving on the audit, remuneration, nomination and/or other governance committees.

Our Board is responsible for making decisions on all major aspects of our Company’s affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal control and risk management systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters. Our senior management is mainly responsible for the execution or implementation of the policy, strategies, business plans, budgets, internal control and risk management practices as may be formulated or adopted by our Board from time to time.

Corporate Governance Report

Board Composition

During the Year and up to the date of this report, the Board comprises the following Directors and their respective roles are set out as follows:

Executive Directors:

Ms. Hai Hiu Chu (*Chairman and Chief Executive Officer*)

Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)

Mr. Kwan Chi Hong (resigned on 5 January 2019)

Independent non-executive Directors:

Dr. Chan Kai Yue Jason (appointed on 1 April 2019)

Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)

Dr. Ko Wing Man (appointed on 18 August 2018)

Mr. Wong Kon Man Jason (appointed on 9 January 2019)

Mr. Lam Cheung Wai (resigned on 5 January 2019)

Dr. Leung Yu Lung (resigned on 28 March 2019)

Dr. Luk Yim Fai (resigned on 5 January 2019)

Non-compliance with Rules 3.10(1) and (2) and 3.21 of the Listing Rules and remedial actions taken during the Year

Following the resignation on 5 January 2019 of (i) Mr. Lam Cheung Wai as independent non-executive Director, the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Board and (ii) Dr. Luk Yim Fai as independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and the compliance committee of the Board, the number of independent non-executive Directors and members of the audit committee fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules and did not comply with Rule 3.10(2) which states that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

To fill up the vacancies arising from the resignation of the above independent non-executive Directors and to rectify the above non-compliance, the Company had taken the following remedial actions:

- with effect from 9 January 2019, the Company appointed Mr. Wong Kon Man Jason as an independent non-executive Director, the chairman of the audit committee and a member of each of the remuneration committee and the compliance committee of the Board. Mr. Wong possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules;
- with effect from 28 March 2019, the Company appointed Ms. Chhoa Peck Lim Bella as an independent non-executive Director and as the chairman of the compliance committee and a member of each of the audit committee and the nomination committee of the Company; and
- with effect from 1 April 2019, the Company appointed Dr. Chan Kai Yue Jason as an independent non-executive Director and as a member of each of the audit committee and the compliance committee.

Following the above appointments, the Company has fully complied with the requirements under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

Corporate Governance Report

Save as the relationships in the companies disclosed elsewhere in the annual report for the Year and summarised below, there are no financial, business, family or other material/relevant relationships among our Directors during the Year.

Name of company	Principal business	Nature of relationship
Bamboos Group Limited (“BGL”)	Principally engaged in tenancy holding and is the head tenant of the head office and principal place of business of our Company in Hong Kong since January 2017 (namely, 4/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong)	Business relationship – Bamboos Group Limited is directly owned as to 90% and 10% by Ms. Hai Hiu Chu (a director of BGL) and Mr. Kwan Chi Hong (a director of BGL until 1 April 2019) respectively.
Bamboos Education – School for Talents Limited (“BEST”)	Principally engaged in the provision of healthcare related training service in Hong Kong	Business relationship – BEST is directly owned as to 90% and 10% by Ms. Hai Hiu Chu (a director of BEST) and Mr. Kwan Chi Hong (a director of BEST until 1 April 2019) respectively.

A description of the Directors is set out in the section headed “Biographical Details of Directors and Senior Management” on pages 46 to 49 in this annual report.

Chairman and Chief Executive Officer

As disclosed in this report above, Ms. Hai Hiu Chu is the chairman of the Board and the chief executive officer of the Company. Ms Hai performs a leadership role in monitoring, managing and evaluating the business, strategic planning and development and major decision making of our Group.

Director’s Appointments, Re-election and Removal

All the Directors, including independent non-executive Directors, are subject to retirement by rotation and eligible for re-election in accordance with the Company’s articles of association. At each annual general meeting, not less than one third of the Directors then in office shall retire and every Director is subject to retirement by rotation at least once every three years.

Confirmation of Independence

Each of the independent non-executive Directors had made a confirmation of independence by reference to Rule 3.13 of the Listing Rules for relevant periods and the Board is satisfied that all the independent non-executive Directors were independent and met the independent guidelines set out in Rule 3.13 of the Listing Rules for relevant periods since the date of their respective appointments, up to the date of this annual report.

Corporate Governance Report

Number of Meetings and Directors' Attendance

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

As regards the meeting of the Shareholders and to comply with the requirement under Code Provision E.1.2 of the CG Code, the chairman of the Board, as well as the chairman of each of the audit, nomination, remuneration and compliance committees attended the annual general meeting of the Company held on 4 October 2018 (the "2018 AGM") to answer questions at the 2018 AGM.

The attendance records of each Director at the meetings of the Board and the Shareholders held during the Year are set out as follows:

	Board	2018 AGM (held on 4 October 2018)
<i>Executive Directors:</i>		
Ms. Hai Hiu Chu	15/15	1/1
Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)	0/15	0/1
Mr. Kwan Chi Hong (resigned on 5 January 2019)	4/15	1/1
<i>Independent non-executive Directors:</i>		
Dr. Chan Kai Yue Jason (appointed on 1 April 2019)	3/15	0/1
Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)	4/15	0/1
Dr. Ko Wing Man (appointed on 18 August 2018)	13/15	1/1
Mr. Wong Kong Man Jason (appointed on 9 January 2019)	8/15	0/1
Mr. Lam Cheung Wai (resigned on 5 January 2019)	3/15	1/1
Dr. Leung Yu Lung (resigned on 28 March 2019)	9/15	1/1
Dr. Luk Yim Fai (resigned on 5 January 2019)	3/15	1/1

Practice and Conduct of Meetings

The schedule and agenda of each meeting are made available to the Directors in advance such that each Director is given an opportunity to provide his/her input to the agenda items. Advance notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are circulated to the Directors and open for inspection by the Directors.

The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Board papers together with all appropriate, complete and reliable information are sent to all Directors well in advance before each Board meeting or Board committee meeting to keep the Directors apprised of the latest developments of the Group and financial position of the Company and to enable them to make informed decisions.

Corporate Governance Report

BOARD COMMITTEES

Audit Committee

The Board established the audit committee on 24 June 2014 with written terms of reference which are of no less exacting terms than those set out in the CG Code. The full terms of reference setting out details of duties of the audit committee are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bamboos.com.hk.

As at 30 June 2019, the audit committee comprised three independent non-executive Directors, namely Dr. Chan Kai Yue Jason, Ms. Chhoa Peck Lim Bella and Mr. Wong Kon Man Jason. Mr. Wong Kon Man Jason was the chairman of the audit committee since 9 January 2019.

The primary duties of the audit committee are to oversee the Company's financial reporting system, risk management and internal control systems, make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve their terms of engagement and remuneration, review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, meet with external auditor regularly and provide advice and recommendations to the Board.

During the Year, the audit committee had reviewed the interim and annual consolidated financial statements of the Group, and was satisfied that the accounting policies and standards of the Group complied with the applicable accounting standards and requirements and that adequate disclosures have been made. Also, the audit committee oversees the effectiveness and objectivity of the systems of risk management and internal controls, and the audit process.

Four audit committee meetings were held during the Year. The attendance records of individual committee members are set out below:

	Number of Meetings attended/eligible to attend
Mr. Wong Kon Man Jason (appointed on 9 January 2019)	2/4
Dr. Chan Kai Yue Jason (appointed on 1 April 2019)	0/4
Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)	0/4
Mr. Lam Cheung Wai (resigned on 5 January 2019)	2/4
Dr. Leung Yu Lung (resigned on 28 March 2019)	3/4
Dr. Luk Yim Fai (resigned on 5 January 2019)	2/4

Corporate Governance Report

Remuneration committee

The Board established the remuneration committee on 24 June 2014 with written terms of reference which are of no less exacting terms than those set out in the CG Code. The full terms of reference setting out details of duties of the remuneration committee are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bamboos.com.hk.

As at 30 June 2019, the remuneration committee comprised three independent non-executive Directors, namely Dr. Ko Wing Man, Mr. Wong Kon Man Jason and Mr. Woo King Hang. Dr. Ko Wing Man was the chairman of the remuneration committee since 9 January 2019.

The primary duties of the remuneration committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review and approve the management's remuneration proposals, and ensure that none of the Directors determine his/her own remuneration.

The remuneration committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director. During the Year, the remuneration committee had reviewed and made recommendations to the Board on the remuneration packages of the Directors based on the outcome of the review conducted by the remuneration committee.

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 11 to the consolidated financial statements.

Seven remuneration committee meetings were held during the Year. The attendance records of individual committee members are set out below:

	Number of Meetings attended/eligible to attend
Dr. Ko Wing Man ^(Note)	5/7
Ms. Hai Hiu Chu ^(Note)	6/7
Mr. Wong Kon Man Jason (appointed on 9 January 2019)	4/7
Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)	0/7
Mr. Kwan Chi Hong (appointed on 3 September 2018 and resigned on 5 January 2019)	0/7
Mr. Lam Cheung Wai (resigned on 5 January 2019)	2/7
Dr. Leung Yu Lung (resigned on 3 September 2019)	2/7
Dr. Luk Yim Fai (resigned on 5 January 2019)	2/7

Note:

Ms. Hai Hiu Chu served as a member up to 2 September 2018 and re-appointed as a member from 9 January 2019 to 15 May 2019.

Dr. Ko Wing Man was appointed as a member from 18 August 2018 to 8 January 2019 and re-designated as the chairman since 9 January 2019.

Corporate Governance Report

Nomination committee

The Board established the nomination committee on 24 June 2014 with written terms of reference which are of no less exacting terms than those set out in the CG Code. The full terms of reference setting out details of duties of the nomination committee are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bamboos.com.hk.

As at 30 June 2019, the nomination committee comprised one executive director, namely Ms. Hai Hiu Chu, and two independent non-executive Directors, namely Dr. Ko Wing Man and Ms. Chhoa Peck Lim Bella. Ms. Hai Hiu Chu was the chairman of the nomination committee since 9 January 2019.

The primary function of the nomination committee is to make recommendations to the Board regarding appointment of Directors and candidates to fill vacancies on our Board.

The Board adopted the board diversity policy in accordance with the requirement as set out in the CG Code. Our Board recognises the benefits of having a diverse Board and considers a number of factors which include but are not limited to age, gender, professional experience, cultural and education background as to its composition. Our nomination committee regularly monitors and reviews the implementation and the effectiveness or appropriateness of the Board diversity policy.

During the Year, the nomination committee had reviewed the structure, size and composition of our Board, the independence of independent non-executive Directors and the appointment of Directors of the Company.

Seven nomination committee meetings were held during the Year. The attendance records of individual committee members are set out below:

	Number of Meetings attended/eligible to attend
Ms. Hai Hiu Chu ^(Note)	5/7
Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)	2/7
Dr. Ko Wing Man ^(Note)	5/7
Mr. Kwan Chi Hong (resigned on 3 September 2018)	2/7
Mr. Lam Cheung Wai (resigned on 5 September 2018) ^(Note)	2/7
Dr. Leung Yu Lung (resigned on 28 March 2019)	4/7
Dr. Luk Yim Fai (resigned on 3 September 2018)	2/7

Note:

Ms. Hai Hiu Chu was appointed as a member from 3 September 2018 to 8 January 2019 and re-designated as the chairman since 9 January 2019.

Dr. Ko Wing Man was appointed as a member from 18 August 2018 to 2 September 2018, re-designated as the chairman from 3 September 2018 to 8 January 2019, and re-designated as a member since 9 January 2019.

Mr. Lam Cheung Wai served as the chairman up to 2 September 2018 and re-designated as a member from 3 September 2018 to 4 January 2019.

Corporate Governance Report

Board diversity policy

On 31 December 2018, the nomination committee recommended to the Board and the Board approved and adopted a board diversity policy for the Company, a summary of which is set out below:

1. the Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor;
2. the Company believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, professional experience, background, education, race, gender, age, culture and other qualities etc.;
3. the Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness;
4. appointments of members of the Board will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board; and
5. the Board will review the board diversity policy on a regular basis to ensure its continued effectiveness.

During the Year, the nomination committee had reviewed the board diversity policy and considered that the implementation of board diversity policy was adequate and effective.

Nomination policy

To ensure the composition of the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, the Company has, with the recommendation of the nomination committee, adopted a formal, considered and transparent procedures for the selection, appointment and re-appointment of Directors. The nomination committee has been delegated to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

Nomination procedures

The nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. In addition, the nomination committee will consider director candidates properly submitted by the Shareholders.

Corporate Governance Report

All director candidates, including incumbents and candidates nominated by the Shareholders are evaluated by the nomination committee based upon the director qualifications, as summarised below. While director candidates will be evaluated on the same criteria, the nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, and experiences of the collective Board rather than on the individual candidate.

The evaluation of director candidates may include, without limitation, the following:

- review of resume and job history;
- personal interviews;
- verification of professional and personal references; and
- performance of background checks.

The Board will consider the recommendations of the nomination committee and is responsible for designating the director candidate(s) to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies subject to compliance of the constitutional documents of the Company.

All appointments of director(s) should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of the Directors.

Selection Criteria

The criteria to be taken into account when considering the suitability of a candidate will be whether a candidate has the qualifications, skills and experience, gender diversity, etc. that can add to and complement the range of skills, experience and background of existing Directors, in particular, the following:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success; and
- an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities.

Corporate Governance Report

Compliance Committee

The Board established the compliance committee on 24 June 2014. As at 30 June 2019, the compliance committee comprised one executive director, namely Mr. Woo King Hang, and three independent non-executive Directors, namely Dr. Chan Kai Yue Jason, Ms. Chhoa Peck Lim Bella and Mr. Wong Kong Man Jason. Ms. Chhoa Peck Lim Bella was the chairman of the compliance committee since 28 March 2019.

The primary functions of the compliance committee include, among others, reviewing and making recommendations to our Board in respect of the compliance of the Group's policies and practices with any requirement, direction and regulation as may be prescribed by the Board from time to time, contained in any constitutional documents applicable to the Group, or imposed by the applicable laws, regulations, rules and codes (including but not limited to the Listing Rules for relevant periods), and ensuring that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and monitoring the implementation of the Group's plan to maintain high compliance with own risk management standards.

During the Year, the compliance committee had reviewed the Group's compliance with the Listing Rules, the Companies Ordinance, the Competition Ordinance and other applicable laws, regulations, rules and codes of the Company. The compliance committee also reviewed the policies and practices regarding the training and continuous professional development, as well as the code of conduct and compliance of the Directors regarding securities transaction.

Two compliance committee meetings were held during the Year. The attendance records of individual committee members are set out below:

	Number of Meetings attended/eligible to attend
Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)	0/2
Dr. Chan Kai Yue Jason (appointed on 1 April 2019)	0/2
Mr. Wong Kon Man Jason (appointed on 9 January 2019)	1/2
Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)	0/2
Ms. Hai Hiu Chu ^(Note)	2/2
Mr. Kwan Chi Hong (appointed on 3 September 2018 and resigned on 5 January 2019)	0/2
Dr. Leung Yu Lung (appointed on 1 July 2018 and resigned on 28 March 2019)	2/2
Dr. Luk Yim Fai (resigned on 5 January 2019)	1/2

Note:

Ms. Hai Hiu Chu was appointed as a member from 1 July 2018 to 2 September 2018 and re-appointed as a member from 9 January 2019 to 31 March 2019.

Corporate Governance Report

SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration payment of the Group for the year ended 30 June 2019 falls within the following band:

	Number of individuals
Nil to HK\$1,000,000	2

DIVIDEND POLICY

On 31 December 2018, the Board adopted a new dividend policy of the Company. Under the dividend policy:

1. the Company considers stable and sustainable returns to shareholders of the Company to be its goal and endeavours to maintain a dividend policy to achieve such goal. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the Group's results of operations, earnings performance, cashflows, financial condition, future prospects, as well as statutory and regulatory restrictions on the payment of dividends, and other factors that the Board may consider relevant.
2. Whilst the Board will review from time to time for determination on any proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions specified in code provision D.3.1 of the CG Code, which include reviewing the Company's corporate governance policies and practices, the continuous training and professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the Year, the Board had reviewed the Company's policies and practices on corporate governance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by Directors. The Directors, after specific enquiries by the Company, confirmed their compliance with the required standards set out in the Model Code throughout the Year.

Corporate Governance Report

CORPORATE GOVERNANCE

The Board is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to achieving the 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 safeguarding the overall interests of the Company and its shareholders (the "Shareholders").

The Company's corporate governance practices are based on the principles of the CG Code as set out in Appendix 14 to the Listing Rules. During the Year and up to the date of this report, the Company had complied with the applicable code provisions set out in the CG Code, except for the deviation from Code provision A.2.1 which is explained below.

Code provision A.2.1

Under Code provision A.2.1, the roles of the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

Since 18 August 2018, Ms. Hai Hiu Chu ("Ms. Hai") acted as the chairman of the Board and the chief executive officer of the Company. Ms. Hai is the founder of the Group and has extensive experience in the medical field and the pharmaceutical industry. Ms. Hai is responsible for the effective running of the Board and for formulating business strategies. The Board considers that Ms. Hai, by serving as the chairman of the Board and the chief executive officer of the Company, is able to lead the Board in major business decision making for the Group. The management structure enables the Board's decision to be more effectively made and facilitates the implementation of business strategies under the leadership of Ms. Hai, which is conducive to the effective management and the business development of the Group.

The Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to our Board remains informed and relevant.

During the Year, all Directors (namely Ms. Hai Hiu Chu, Mr. Woo King Hang, Mr. Kwan Chi Hong, Dr. Chan Kai Yue Jason, Ms. Chhoa Peck Lim Bella, Dr. Ko Wing Man, Mr. Wong Kon Man Jason, Mr. Lam Cheung Wai, Dr. Leung Yu Lung and Dr. Luk Yim Fai) participated in the continuous professional developments regarding the duties and responsibility of the Directors under the relevant legal and regulatory requirement which included reading materials in relation to directors' liability and insurance and other legal or regulatory update. All Directors have participated in training regarding Listing Rules and CG Code updates conducted by the Company Secretary during the Year.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

During the Year, there were no changes in any of the Company's constitutional documents. The latest version of the Company's constitutional documents is available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bamboos.com.hk.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the auditor of the Company during the Year is set out as follows:

Services rendered during the Year	HK\$'000
Statutory audit services	880

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for the preparation of the financial statements. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the adequacy and effectiveness of the risk management and internal control systems of the Group. The Board has developed its systems of internal control and risk management to safeguard the interests of the Shareholders and the assets of the Group. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or losses.

As the Group does not have an in-house internal control since January 2019, the Group has engaged an external professional consultant (the "Internal Control Consultant") to conduct an independent internal control review for the year ended 30 June 2019 and the review is completed as at the date of this annual report.

Corporate Governance Report

The main features of the risk management and internal control systems are described below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with our business and operations and compliance with applicable laws and regulations. The system comprises the following phases:

- Identification: Identify the category and ownership of risks, risks that could affect the achievement of objectives and the risk appetite.
- Assessment: Analyse the likelihood and impact of risks and evaluate the risk portfolio semi-annually.
- Management: Consider the risk action plan, ensure effective communication to the Board and on-going monitoring.

Internal Control System

The Company has in place an internal control system devised, recommended and/or reviewed by our internal control officer (before December 2018) and the Internal Control Consultant (since January 2019) who report directly to the Audit Committee. The system covers mainly, amongst all, the effectiveness and efficiency of operations and reliability of accounting and financial reporting.

The Group's internal control system comprises an established organisational structure and comprehensive policies and working procedures. Areas of responsibilities of each department are reasonably defined to ensure sufficient segregation of duties.

The key procedures that the Board established to provide effective controls are as follows:

- a distinct organisational structure exists with defined lines of authority and control responsibilities;
- a comprehensive management accounting system is in place to provide financial and operational performance information to the management and the relevant financial information for reporting and disclosure purpose; and
- the Audit Committee reviews recommendations submitted by the internal control officer (before December 2018), the Internal Control Consultant (since January 2019) and the external auditors annually to the Group's management in connection with the internal review exercise and annual audit respectively.

Corporate Governance Report

Internal control in relation to insider information

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of the public disclosures, the Group adopts and implements an inside information/price sensitive information disclosure policy.

Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confirmation on commitment to non-disclosure of the received information and undertaking of not to deal in the Company's securities are in place when any external parties who may become privy to or in possession of the Company's unpublished inside information/price sensitive information respectively.
- Only authorised persons shall explain information already in the public domain, and shall avoid giving answers which individually or cumulatively may provide unpublished or potential inside information/price sensitive information to the receiving party.

During the Year, the Board had adopted a risk management system policy and assessment plan and conducted a review of the adequacy and effectiveness of the risk management and internal control systems which covered all material controls, including financial, operational and compliance controls and risk managements functions of the Group. Except to the details disclosed in "OTHER INFORMATION" under Management Discussion and Analysis, there was no significant control deficiency identified and the Board considered the risk management and internal control systems effective and adequate.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the Company Secretary is responsible for facilitating communications among Directors as well as with the management. The company secretary of the Company, Mr. Yu Leung Fai ("Mr Yu") (appointed on 1 November 2018) and Ms. Lam Yuen Ling Eva (resigned on 31 October 2018), is delegated by an external service provider. The external service provider's primary contact person at our Company is Ms. Hai Hiu Chu, the Chief Executive Officer of our Company. The biographical details of Mr. Yu are set out under the section headed "Biographical Details of Directors and Senior Management". Mr. Yu has confirmed that he has undertaken no less than 15 hours of professional training to update his skills and knowledge during the Year.

Corporate Governance Report

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

According to article 12.3 of the Company's articles of association, two or more Shareholders (or a Shareholder who is a recognised clearing house (or its nominee(s)) (the "Requisitionists"), holding not less than 10% of the paid-up capital of the Company can convene an extraordinary general meeting (the "EGM") by depositing a requisition (the "Requisition") in writing to the Directors or the Company Secretary for the purpose of requiring the convening of the EGM. The written requisition shall be deposited to the Company's principal place of business at 4/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong or through email at the e-mail address designated by the Company from time to time and marked for the attention of the Board of Directors/Company Secretary.

If the Board does not within 21 days from the date of deposit of the Requisition proceed duly to convene the meeting to be held, within a further 21 days, the Requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the Requisition, and all reasonable expenses incurred by the Requisitionists as a result of the failure of the Board in convening the meeting shall be reimbursed to them by the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information at the Company's office at 4/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Upon confirming the Proposal is proper and in order by the Company's branch share registrar in Hong Kong, the Board will determine in its own discretion whether the Proposal may be included in the agenda for general meeting. The notice period to be given to all the Shareholders for consideration of the Proposal at the general meeting varies from 14 to 21 clear days and not less than 10 or 20 clear business days depending on the nature of the Proposal and the nature of the general meeting (annual or extraordinary).

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other Shareholders' meetings to communicate with the Shareholders and encourage their participation. The Company updates the Shareholders on its latest business developments and financial performance through its annual and interim reports. The corporate website of the Company (<http://www.bamboos.com.hk>) has provided an effective communication platform to the public and the Shareholders through regularly updating its "Investor Relations" section.

The Company will ensure that there are separate resolutions for separate issues proposed at all the Shareholders' meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Attention: Union Registrars Limited
Address: Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Telephone no.: (852) 2849 3399
Fax no.: (852) 2849 3319

Shareholders are encouraged to communicate with the Company for requesting publicly available information and any enquiries in relation to the Group:

Attention: The Company Secretary
Address: 4/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong
Email: financial@bamboos.com.hk
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Detailed procedures for Shareholders to propose a person for election as a Director are available on the Company's website.

Hong Kong, 27 September 2019

Environmental, Social and Governance Report

ABOUT THIS REPORT

Bamboos Health Care Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present the 2019 Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) – “Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – provision of healthcare staffing solution services to individuals and institutional customers in Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken the initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in Chinese and English on the website of the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail. The Board of Directors of the Company confirmed that during the reporting period, the Company complied with the applicable provisions contained in the “Environmental, Social and Governance Reporting Guide” of the Listing Rules.

Reporting Period

This Report demonstrates our sustainability initiatives during the reporting period from 1 July 2018 to 30 June 2019.

Contact Information

The Group welcomes your feedback on this Report for the sustainability initiatives. Please contact it by email to contact@bamboos.com.hk.

Environmental, Social and Governance Report

INTRODUCTION

The Group is dedicated to the provision of healthcare staffing solution services to individuals and institutional clients including hospitals and social service organisations in Hong Kong. With over 20,000 qualified healthcare personnel registered under the Group, it serves as a trusted strategic advisor to provide the clients with the most comprehensive, professional and reliable services. Services offered by healthcare personnel include healthcare institution support and private nursing solutions.

Bamboos embraces the Three Cs core values – Care, Competence and Commitment. The Group is committed to the standards of service excellence and dedicated to exceeding the expectations of those it serves. In addition, it seeks to build a professional team with a positive contribution to the society, for which the business and future success will depend on. With the aim to build a healthy community, the Group devotes substantial effort to advance the quality of health care services and promote public awareness about health issues.

Sustainable development is an integral part of the Group's business strategy in order to achieve business excellence and enhance capabilities for long-term competitiveness. The Group is committed to maintaining its operation in a manner that is economically, environmentally and economically sustainable while balancing the interests of our stakeholders and fostering a positive impact on the society. The Chief Executive Officer ensures that the operation is in a responsible and sustainable manner and monitors the progress on related activities. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

STAKEHOLDER ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. This allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to the business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Environmental, Social and Governance Report

Stakeholders	Expectations	Engagement Channels
Government	<ul style="list-style-type: none"> • Compliance with the laws and regulations • Proper tax payment • Promotion of regional economic development and employment 	<ul style="list-style-type: none"> • Corporate events • Annual and interim reports and other published information
Shareholders and Investors	<ul style="list-style-type: none"> • Low risk • Return on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Corporate events • Annual and interim reports and other published information • Website of the Company and the Stock Exchange, respectively
Employees	<ul style="list-style-type: none"> • Working environment • Career development opportunities • Self-actualisation • Health and safety 	<ul style="list-style-type: none"> • Training, seminars, briefing sessions • Cultural activities • Intranet and emails
Clients	<ul style="list-style-type: none"> • Compliance with the laws and regulations • High-quality services • Stable relationship • Information transparency • Integrity • Business ethics 	<ul style="list-style-type: none"> • Website, brochures, annual and interim reports and other published information • Email and customer service hotline • Social communication channels • Feedback forms • Magazines (BamBoOs!Life)
Healthcare Personnel	<ul style="list-style-type: none"> • Career opportunities • Stable relationship 	<ul style="list-style-type: none"> • Seminars • Exhibitions • Corporate events
Peer and Industry Associations	<ul style="list-style-type: none"> • Experience sharing • Corporations • Fair competition 	<ul style="list-style-type: none"> • Industry seminars • Exhibitions • Corporate events • Website of the Company
Public and Communities	<ul style="list-style-type: none"> • Community involvement • Social responsibilities 	<ul style="list-style-type: none"> • Volunteering • Charity and social initiatives

Environmental, Social and Governance Report

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group have adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the guidelines of Global Reporting Initiative (“GRI”).

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritisation – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group’s management ensured all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2019, those important ESG areas to the Group were discussed in this Report.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS

EMISSIONS

Environmental consideration remains one of the key focuses in fulfilling the obligation to both the environment and community. The Group is committed to continuously improving its sustainability performance by establishing relevant emission reduction and energy saving initiatives to manage its emissions and maintain green operation. The Group has implemented a “Environmental Policy” which outlines the environmental objectives and targets of the Group.

During the reporting period, the Group was not aware of any specific laws and regulations that had significant impact on the Group related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste.

Air Pollutants Emission

The operation of the Group is mainly office-based and it is not involved in the combustion of stationary sources. The air pollutants emitted by the Group are mainly generated from the company’s vehicles. The Group encourages employees to adopt alternative communication means, such as telephone conferences and video conferences, to reduce air pollutants emission that arise from additional traffic. The decrease in air pollutant emission in 2019 was mainly attributable to the disposal of a vehicle during the year. During the reporting period, the air pollutants emission was as follows:

Type of air pollutants	Unit	2019	2018
Nitrogen oxides (NO _x)	kg	1.60	1.82
Sulphur oxides (SO _x)	kg	0.03	0.05
Particulate matter (PM)	kg	0.12	0.13

Environmental, Social and Governance Report

Greenhouse Gas (“GHG”) Emission

GHG is considered as one of the major contributors to the climate change and global warming. During the operation of the Group, electricity and fuel consumptions account for a major part of its GHG emission. In an effort to minimise our carbon footprint, the Group is devoted to maintaining an efficient and effective use of resources by adopting energy-saving initiatives which will be further elaborated in the section “Use of Resources” of this Report. The decrease in GHG scope 1 emission in 2019 was mainly due to the disposal of a vehicle during the year. Besides, GHG scope 2 emission remained stable in 2019 as the revenue of the Group dropped slightly during the year. During the reporting period, the GHG emission was as follows:

Type of GHG emission	Unit	2019	2018
Scope 1 ¹	tonnes of CO ₂ e	5.26	9.84
Scope 2 ²	tonnes of CO ₂ e	90.92	87.15
Scope 3 ³	tonnes of CO ₂ e	0.11	0.16
Total GHG emission	tonnes of CO₂e	96.29	97.15
GHG emission intensity	tonnes of CO ₂ e/revenue in HK\$'000	0.0012	0.0012

¹ Scope 1: Direct emission from sources that are owned or controlled by the Group.

² Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

³ Scope 3: All other indirect emissions that occur outside the Group, including emissions from paper waste disposal and the electricity used for fresh water processing and sewage processing.

Hazardous and Non-hazardous Wastes

Regarding the business nature of the Group, it does not generate any hazardous waste. The non-hazardous waste is generated from the office operation and is considered as insignificant to the Group’s business. In spite of this, the Group endeavours to reduce the amount of waste and strengthen the environmental awareness of the employees.

In order to reduce paper waste, the Group introduced paper consumption reduction initiatives and promoted recycling of paper. Employees are encouraged to use double sides of paper and recycled paper. Besides, the Group reduced the thickness of printing paper from 80gsm to 70gsm as an initiative to reduce paper consumption. The Group has also implemented recycling scheme for paper waste. Due to the effective implementation of waste reduction initiative, the amount of non-hazardous waste decreased from 0.093 tonnes in 2018 to 0.091 tonnes during the year.

As the Group is only involved in office operation, water discharge from office use is systematically collected by building sewage system and treated in sewage treatment plant. Besides, the office solid waste is properly collected and handled by a cleaning company engaged by property management department. The discharges into water and land is relatively small and insignificant to the Group’s business. The wastes generated by the Group, which mainly consist of paper waste, during the reporting period were summarised as follows:

Wastes	Unit	2019	2018
Non-hazardous waste generated	tonnes	0.091	0.093
Non-hazardous waste generated intensity	tonnes/employee	0.003	0.003
Non-hazardous waste recycled	tonnes	0.091	0.093
Non-hazardous waste recycled intensity	tonnes/employee	0.003	0.003

Environmental, Social and Governance Report

USE OF RESOURCES

The Group places great emphasis on ensuring efficient use of resources. It strives to promote resource saving by adopting green office practices and motivating the employees to participate in resource conservation activities. It has incorporated the guidelines of using resources efficiently into the staff handbook in order to enhance their environmental awareness.

Energy

The energy consumption of the Group comes from purchased electricity for premises operation and fuel used by the Company's vehicles. In order to reduce the energy consumption, the Group advocated various energy conservation strategies. The Group has implemented lighting zone control and adopted efficient lamps in the office. By posting energy-saving notices, employees are reminded to switch off the electrical appliance when they are not in use. Besides, room temperature is maintained at an energy-efficient level of 25 degrees Celsius and monitored by designated personnel. As aforementioned, the petrol consumption decreased in 2019 as there was disposal of a vehicle during the year. The electricity consumption remained stable in 2019 as there was a slight decrease in the Group's revenue during the year. During the reporting period, the energy consumption was as follows:

Type of energy	Unit	2019	2018
Purchased electricity	MWh	178.27	170.88
Petrol	MWh	17.26	32.29
Total energy consumption	MWh	195.53	203.17
Energy consumption intensity	MWh/revenue in HK\$'000	0.0025	0.0025

Water

Water is another important resource. The water used by the Group is supplied by Water Supplies Department. The Group strives to reduce water consumption by strengthening the water-saving awareness of the employees. It reminds the employee to conserve water by emails and posting signs. The water consumption in 2019 remained stable as the revenue decreased slightly compared with last year.

Water	Unit	2019	2018
Total water consumption	m³	189.98	190.43
Water consumption intensity	m ³ /revenue in HK\$'000	0.0024	0.0023

Environmental, Social and Governance Report

THE ENVIRONMENT AND NATURAL RESOURCES

Regarding the business nature of the Group, it is not aware of any significant impact of the business activities on the environment and natural resources. With the implementation of “Environmental Policy” and aforementioned green office practices to reduce air pollutants and GHG emissions, waste generation and resources consumption, the Group strives to enhance environmental sustainability and minimise the impacts on the environment.

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

The Group believes people are the most valuable assets and resources to the continuing development and success of the Group. It strives to construct a working environment where the employees can demonstrate their capabilities, create values and achieve comprehensive development. The staff handbook covers the Group’s standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. The Group is in strict compliance with the Employment Ordinance (Cap. 57).

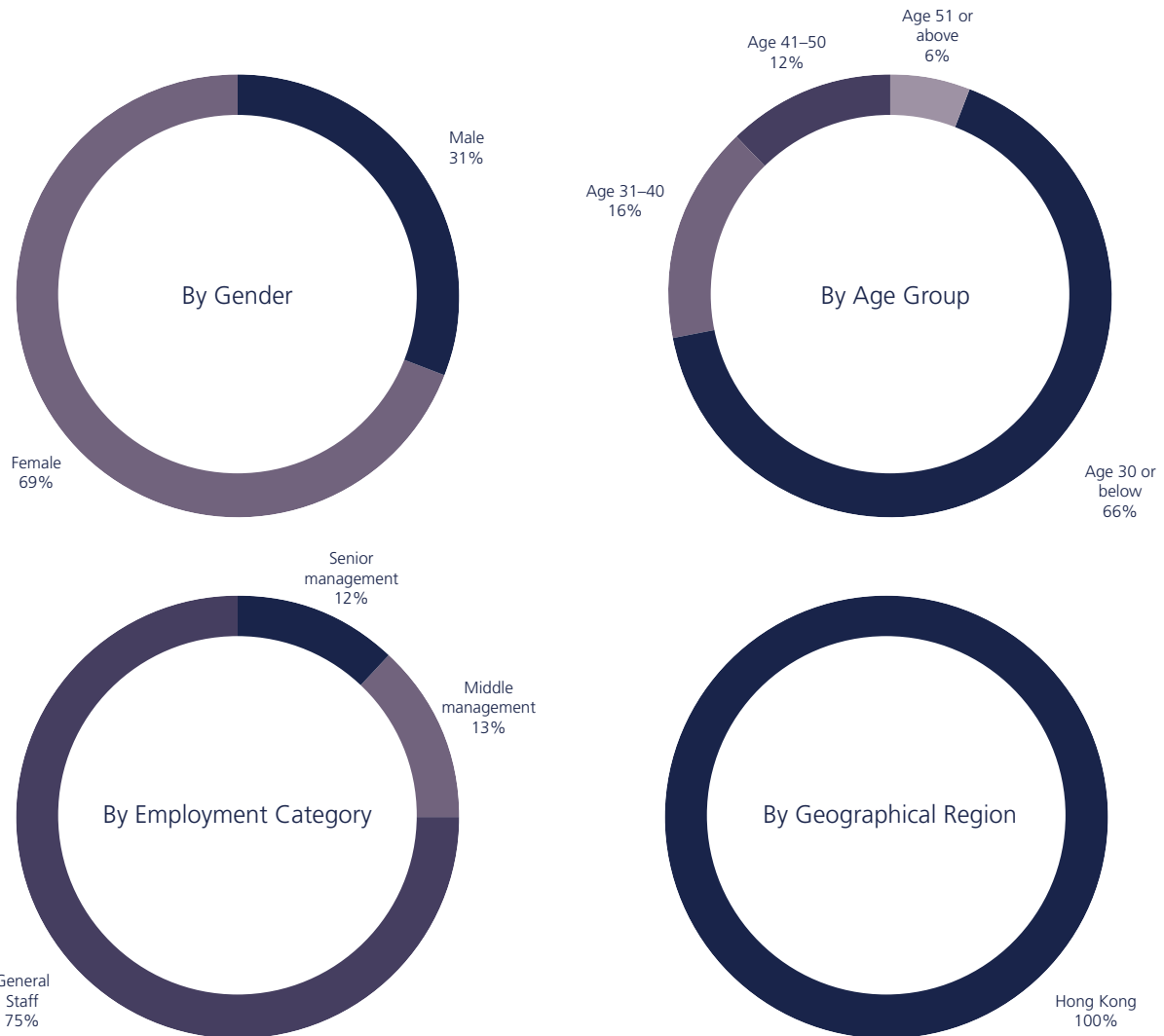
The Group strives to construct a diverse and inclusive workplace where all its employees are treated with dignity and respect. The Group adheres to the principles of fairness in all aspects of employment and strictly prohibits all forms of discrimination or harassment against any individual on the basis of seniority, nationality, gender, age, marital status, disability, race, colour, religion or sexual preference. The Group participates in the Hong Kong government’s “Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme”, where it supports disabled people in unleashing their potential and create an inclusive working environment.

Remuneration and employee benefits are crucial to retain and motivate employees in achieving key objectives of the Group. It provides competitive remuneration and benefits for the employees in accordance with the Employment Ordinance (Cap. 57). The Group offers a five-day work week, medical insurance and mandatory provident fund (“MPF”) to the employees. It is recognised as a “Good MPF Employer” by the Mandatory Provident Fund Schemes Authority. Employees are also entitled to various leaves, such as paid annual leave, sick leave and maternity leave. The Group also provides a fresh supply of snacks, fruits and drinks for the employees. Recognising the importance of a work-life balance to a motivated and productive workforce, it organises recreational activities, such as birthday celebrations, Christmas and spring dinners, seafood fest and health seminars to create a relaxing working environment and enrich the staff relations.

During the reporting period, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

Environmental, Social and Governance Report

As at 30 June 2019, the employee compositions (in numbers of employees) by gender, employment category, age group and geographical region were as follows:



Environmental, Social and Governance Report

HEALTH AND SAFETY

Given the nature of the business operation, chances of occupational accidents are comparatively lower than other industries. In spite of this, the Group places the highest priority on securing health and safety of the employees. The Group is in strict compliance with the Occupational Safety and Health Ordinance (Cap. 509) and strives to provide and maintain a safe and hygienic working environment for the employees to protect them from work-related injuries. The “Guidelines on Occupational Health and Safety” covers potential hazards in the office and guidelines to minimise the potential health and safety risks. Below are some of the examples:

Lighting

Sufficient lightings in the workplace enable employees to recognise hazards and reduce visual strain. Louver or diffuser is installed for fluorescent lights to control the distribution of light. To reduce glare and screen reflection, daylight may be shielded by blinds or curtains.

Indoor Air Quality and Ventilation

Efficient ventilation can provide a comfortable working environment and avoid invisible health hazard. The Group prohibits smoking within the office area. Air outlets are cleaned on a regular basis to improve the indoor air quality and increase the efficiency of the ventilation system.

Working Posture

The Group provides employees with adjustable chairs and encourage them to pay attention to their usual sitting posture to reduce stress and strain on their bodies.

During the reporting period, there was no work-related fatality or injury. The Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group in providing a safe and healthy working environment during the reporting period.

Environmental, Social and Governance Report

DEVELOPMENT AND TRAINING

The Group considers the skills and knowledge of its employees as the key elements of the Group's continued business growth and success. With the implementation of the "Training Policies", it encourages the employees to participate in training programs to enhance their skills and competencies to meet the business needs and personal growth.

For newly recruited employee, the Group provides induction orientation, which covers corporate culture and responsibilities of the position. For existing employees, the Group provides various training opportunities, covering complaint handling procedures, branding and customer service, healthcare and nursing knowledge, etc..

During the reporting period, the percentage of employees trained by gender was as follows:

Training	Unit	2019	2018
Male	%	100	80
Female	%	100	100
Overall	%	100	97

During the reporting period, the average training hours was as follows:

Training hours	Unit	2019	2018
Male	hours/employee	12.9	12.3
Female	hours/employee	14.9	9.4
Overall	hours/employee	14.3	10.2

LABOUR STANDARDS

With the implementation of the Group's "Labour Standards Policy", the Group is committed to supporting the effective abolition of child labour and upholding the elimination of all forms of compulsory labour. The Group adheres to the relevant laws and regulations, including the Employment Ordinance (Cap. 57) and strictly prohibits recruitment of children aged under 15. During the recruitment process, applicants are required to present their identity documents to Human Resources Department for age verification as prevention of engaging child labour. Besides, all work should be performed on a voluntary basis. Working hours and rest periods are stipulated in the staff handbook.

During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations related to recruitment of child labour or forced labour practices.

Environmental, Social and Governance Report

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group mainly cooperates with third-party services providers such as information technology service, property management service, advertising service, legal and consulting service. The Group also works with suppliers which supply office equipment, printing and stationery to it.

With its “Green Procurement Policy” covering guidelines in making sustainable procurement decisions, the Group strives to promote and support the environmental initiatives in the supply chain. The Group has priority in procuring products that with greater energy efficiency, recyclable and with less packaging materials, in order to reduce the environmental impacts.

PRODUCT RESPONSIBILITY

The Group regards service quality as one of the key competitive advantages of the business. It continues to provide high-quality services in order to meet the expectations of the clients and enhance their satisfaction. The Group adheres with the Personal Data (Privacy) Ordinance (Cap. 486), the Books Registration Ordinance (Cap. 142) and the Trade Description Ordinance (Cap. 362).

Quality Management System

In order to maintain the high-quality services, the Group has established the training manual which covers the customer service procedures. The Group ensures that the employees are familiarise with the work procedures in order to deliver standardised and high-quality services.

In addition, to ensure healthcare personnel registered under Bamboos are qualified to deliver high-quality services, the Group has a stringent healthcare personnel registration procedure. It conducts interviews with healthcare personnel and requires them to provide relevant certifications and employment proofs.

Complaints Handling Management System

The Group believes the opinions from the clients are valuable input for its continuous improvement and vital to its pursuit for excellence. The Group conducts customer satisfaction survey and phone interview regularly to monitor client satisfaction and understand their needs for our continuous improvement.

Environmental, Social and Governance Report

The Group is committed to the efficient and fair resolution of all complaints. The “Complaint Handling Policy” outlines the Group’s complaint handling process. In the receipt of complaints, the relevant information including the description of complaint, the requested remedy and the action taken, will be recorded immediately. The Group will then assess its severity and investigate the complaints thoroughly. Following the investigation, it will contact the complainant and provide the complainant with a response and remedy.

With the “Complaints Handling Procedures”, the Group ensures that employees are adequately trained and provided with sufficient support to handle complaints appropriately. Training is provided at the induction stage for all employees and will be updated and reinforced as necessary.

Personal Data Privacy and Protection

The Group is aware of the importance in handling personal information. It takes high precaution in ensuring its confidentiality to avoid misuse or leakage of personal data. It has engaged an independent information technology consultant under a service agreement which specifies that information and data must be managed with strict care to restrict any unauthorised access and avoid careless leakage. Besides, its internal server system and customer relationship management system are restricted with different access levels. Employees can only access to certain data on a “need-to-know” basis in order to reduce the risk of data leakage.

The Group has incorporated its requirements in relation of confidentiality into staff handbook and employment contracts. Employees are required to fully abide by the guidance on prohibiting any unauthorised disclosure of confidential information. Besides, it conducts exit interviews with leaving employees to emphasise the importance of confidential data protection after the termination of employment and requires them to be aware of by signing a declaration.

Intellectual Property Rights

The Group has always attached great importance to the protection of the intellectual property rights by ensuring necessary filing or registration. The Group has registered its logos and its representing cartoon characters.

Advertising

The Group ensures that information for service introduction is real. All external advertisements were produced in accordance with the relevant request and scope of legislations. They would only be put on the websites and other advertising platforms after being reviewed by the Group’s management.

Labelling

The Group mainly provides health care services, which do not involve any labeling issues relating to the services provided.

During the reporting period, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to services provided and methods of redress.

Environmental, Social and Governance Report

ANTI-CORRUPTION

The Group is committed to upholding the high standards of business ethics and integrity. The Group strictly complies with the Prevention of Bribery Ordinance (Cap. 201) and forbids any form of corruption, extortion, bribery, fraud, money laundering and embezzlement. As stipulated in the staff handbook, Directors and employees shall not solicit or accept any banquets, gifts, rebate or other forms of bribing benefits for the sake of relation, influence, interests or activities that could compromise the best interest of the Group.

The Group's "Whistle-blowing Policy" allows whistleblowers to report any unlawful conduct, any incident of corruption, avoidance of internal controls, incorrect or improper financial or other reporting to the management by the compliance hotline. The case of suspected corruption will be handled in an unbiased and confidential manner.

During the reporting period, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group relating to bribery, extortion, fraud and money laundering except for the incident regarding a subsidiary's misappropriation of funds disclosed in Note 38 to the consolidated financial statements in this Annual Report. There was no legal case regarding corrupt practices brought against the Group during the reporting period.

COMMUNITY

COMMUNITY INVESTMENT

As a socially responsible enterprise, the Group is constantly aware of the community needs and strives to bring a positive impact on community development. The Group has been a Caring Company of Hong Kong Council of Social Service's Caring Company Scheme since the Group's establishment. The Group continue to participate in various community activities concerning public health, elderly care, healthcare professional development and social diversity and inclusion. It encourages service to the community through staff voluntary efforts and in-kind donations.

The Group supports community development by cash donation and in-kind donation. During the reporting period, it made cash donation to various charitable organisations and sponsored charity activities with in-kind donation.

Nature of support	2019	2018
	HK\$'000	HK\$'000
Cash sponsorship	66	170
Sponsorship in-kind to:	49	226
• Sponsoring gift bags and lucky draw gifts to activities		
• Supporting charity sales		
• Volunteering in initiatives		
• Support in promotion and media		
• Support in event management		
Total	115	396

Environmental, Social and Governance Report

In addition, the Group encourages its employees to dedicate their time and skills to participate in different voluntary activities and support local community. During the reporting period, it initiated and participated in various volunteer programmes in supporting community development with the aim to create a harmonious community.

Event	Organisation
50th Distinguished Salesperson Award	The Hong Kong Management Association
Charity PB Run	Little People of Hong Kong
Elderly Fitness Day	The Neighborhood Advice-Action Council
Elderly home visit hosted by our Group and sponsored by Min Kong Association Limited	Po Tang Home for the Aged of Cham Shan Monastery
Feast for the elderly (耆樂無窮愛心宴)	Hoi Tin Tong Company Limited
Fundraising Dinner	The Hong Kong Pharmaceutical Care Foundation Limited
Golden Age Expo & Summit 2018	Golden Age Foundation
Home visit for elderly	Rhema Social Services
“Lifewire Run (愛跑•香港地)” Charity Run	Lifewire Foundation Limited
《重新站起來》Charity dinner	Mindful Heart Foundation
《救救地球一張就夠》Campaign	Junior Chamber International Lion Rock
Fong Yim-fun Art Sustainability Project of Shaw College – Visit the home for the aged blind	The Chinese University of Hong Kong

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Hai Hiu Chu, aged 48, is an executive Director, the Chief Executive Officer and the controlling shareholder of the Company. Ms. Hai is appointed as the Chairman of the Board with effect from 18 August 2018. Ms. Hai co-founded the Group in May 2009. She was appointed as a Director on 23 November 2012 and redesignated as an executive Director on 28 March 2014. Ms. Hai is responsible for the overall management, strategic development and major decision making for our Group.

Ms. Hai obtained a bachelor's degree in Chinese Medicine and a master's degree of Chinese Medicine from The University of Hong Kong in November 2008 and November 2012 respectively. She has also completed a programme in EMBA and obtained a master's degree in Business Administration from The Chinese University of Hong Kong in December 2010. She obtained an EN qualification from the Nursing Council of Hong Kong in February 1993. Ms. Hai has over 20 years of experience in the medical field and the pharmaceutical industry. From September 2005 to April 2009, Ms. Hai was a managing director of Bamboos Limited.

Ms. Hai currently serves as the chairman of Hong Kong Health Care Federation, a member of Registration Committee of Chiropractors Council; and a visiting professor of Guangdong Pharmaceutical University. Also, Ms. Hai is the winner of the Most Promising Entrepreneurship Award in Asia Pacific Entrepreneurship Awards 2012.

Ms. Hai has been an independent non-executive director of Hans Energy Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 554) from October 2017 to June 2019.

Mr. Woo King Hang, aged 58, was appointed as an executive Director with effect from 16 May 2019. He resigned from the above positions with effect from 5 July 2019. He has extensive experience in financial and business management. Mr. Woo was the general manager of Bamboos Professional Nursing Services Limited, a wholly-owned subsidiary of the Company, from 1 April 2019 to 15 May 2019. Prior to joining the Group, Mr. Woo worked for Hip Hing Construction Company Limited and NWS Service Management Limited, both wholly owned subsidiaries of NWS Holdings Limited (stock code: 659). He was a Project Controller of NWS Service Management Limited from January 2019 to April 2019 and served as a Financial Controller from February 2006 to June 2010 and an executive director from July 2010 to December 2018 in Hip Hing Construction Company Limited. He is a fellow member of the Institute of the Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants. Mr. Woo holds a Master of Business Administration from Kellogg Graduate School of Management, Northwestern University and the Hong Kong University of Science and Technology; a Bachelor of Laws from Peking University; and a Master of Laws from the City University of Hong Kong. Mr. Woo is a member of the panel of assessors and Health Committee of the Medical Council of Hong Kong, the Chiropractors Council, the Chinese Medicine Practitioners Board of the Chinese Medicine Council of Hong Kong and the disciplinary committee of the Hong Kong Institute of Certified Public Accountants. He is also a council member of the Hong Kong Chinese Orchestra and the vice chairman of the Hong Kong PHAB Association and is serving as a divisional officer in the Auxiliary Medical Service.

Appointed on 28 June 2019, Mr. Woo is currently an independent non-executive director of Hans Energy Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 554).

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chan Kai Yue Jason, JP, aged 45, is an independent non-executive Director appointed on 1 April 2019. Dr. Chan has extensive experience in education and information technology industries. Dr. Chan has been the Head of Information Technology of the College of Professional and Continuing Education (CPCE) at the Hong Kong Polytechnic University since July 2010.

Dr. Chan graduated from City University of Hong Kong with a Bachelor of Arts in Public and Social Administration with First Class Honours in 1998. He further obtained a Master of Science degree in Computing at City University of Hong Kong in 2004 and a Master of Educational Technology degree at The University of British Columbia in 2005. He completed the Stanford Certified Project Manager certificate program in Stanford University in 2007 and his doctorate in Doctor of Education at The University of Bristol in 2010.

Dr. Chan has been appointed in several public services. He is currently serving as a member in the Education Bureau as an Advisory Committee Member (Tertiary Education Representative) of the Education Development Fund and Dissemination and Promotion Sub-committee Member of the Quality Education Fund. He also serves as a member in various public service such as the Property Management Services Authority, a lay member of the Solicitors Disciplinary Tribunal of Judiciary Hong Kong, a Panel member of the Transports Tribunals Panel for Transport and Housing Bureau, an Advisory Committee member of the Innovation and Technology Venture Fund (ITVF) for Innovation and Technology Bureau and a member of the Steering Committee of Child Development Fund for Labour and Welfare Bureau. Dr. Chan was appointed as Justice of the Peace of Hong Kong on 30 June 2017.

Ms. Chhoa Peck Lim Bella, aged 49, is an independent non-executive Director appointed on 28 March 2019. Ms. Chhoa is currently the director of leasing & management of Hang Lung Properties Limited overseeing its Hong Kong leasing portfolio since July 2017 and served as a director of corporate affairs, general counsel and company secretary of Hang Lung Group Limited (stock code: 10) and Hang Lung Properties Limited (stock code: 101) from August 2011 to July 2017 overseeing their legal, company secretarial and human resources matters. Prior to joining Hang Lung Group Limited and Hang Lung Properties Limited, she served as the senior vice president of group legal and compliance and company secretary of Esprit Holdings Limited (stock code: 330) from July 2008 to August 2011. Ms. Chhoa has extensive experience in general management, legal, company secretarial and human resources matters gained in blue-chip listed companies.

Ms. Chhoa is a solicitor qualified to practice in Hong Kong. She graduated from the University of Hong Kong with a Bachelor degree in Law in 1992. Ms. Chhoa also obtained an Executive Master of Business Administration degree from the Chinese University of Hong Kong in 2004.

Biographical Details of Directors and Senior Management

Dr. Ko Wing Man, GBS, BBS, JP aged 62, is an independent non-executive Director appointed on 18 August 2018. Dr. Ko is an orthopaedic surgeon. Dr. Ko holds the degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong in 1981. He received a Fellowship from the Royal College of Surgeons of Edinburgh, the United Kingdom in 1986 and was awarded a degree of Master of Health Administration from The University of New South Wales, Australia in 1993. He became a Fellow of the Hong Kong Academy of Medicine in the specialty of Orthopaedic Surgery and Hong Kong College of Community Medicine in Administrative Medicine in 1993 and 2000, respectively. In 2002, he became Fellow of the Faculty of Public Health Medicine of the Royal Colleges of Physicians of the United Kingdom. Dr. Ko is an independent non-executive director of The People's Insurance Company (Group) of China Limited (stock code 1339).

Dr. Ko was the Secretary for Food and Health of the Government of Hong Kong Special Administrative Region from July 2012 to June 2017. He is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. He was appointed as Justice of the Peace in 2001 and was awarded the Bronze Bauhinia Star and Gold Bauhinia Star by the Government of Hong Kong in 2008 and 2017, respectively.

Mr. Wong Kon Man Jason, aged 55, is an independent non-executive Director appointed on 9 January 2019. Mr. Wong graduated from the University of Hawaii at Manoa in the United States with a bachelor's degree in business administration (majoring in accountancy) in 1988. He has over 25 years of experience in finance and investment. He was a financial consultant for Transpac Capital Ltd. from 1993 to 2000. He has been the managing director of Fortune Capital Group Limited since 2000. He is also one of the founding members and an investment committee member of Whiz Partners Asia Ltd.. He is a member of American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants.

Mr. Wong was an independent non-executive director of Ascent International Holdings Limited (stock code: 264) from 2017 to 2018; an independent non-executive director of China Lending Corporation Ltd. (Nasdaq: CLDC) from 2016 to 2017; an independent non-executive director of DT Asia Investments Ltd. (Nasdaq: CADTU) from 2014 to 2016; an independent non-executive director of Group Sense (International) Limited (currently known as Rare Earth Magnesium Technology Group Holdings Limited) (stock code: 601) from 2004 to 2015; an independent non-executive director of Neo-Neon Holdings Limited (stock code: 1868) from 2011 to 2014 and an independent non-executive director of Polyard Petroleum International Group Limited (stock code: 8011) from 2010 to 2013.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Ms. Lui Yin Ping, aged 47, is the general manager (customer service) of our Group. Ms. Lui joined our Group in July 2009, and is responsible for the supervision of operation and performance of the CS Department. Ms. Lui obtained an Executive Secretarial Diploma from Professional of Career Youth Department of Hong Kong Young Women's Christian Association in October 1996. She has over 20 years of experience in the customer service field. Prior to joining our Group, she worked in various positions relating to customer relations in Reader's Digest Association Far East Limited, a publisher from June 1995 to February 2008, where she was mainly responsible for handling customer inquiries and complaints and assisting the manager to carry out the customer loyalty program. From April 2008 to June 2009, Ms. Lui worked as a customer service executive of Bamboos Limited, responsible for providing general customer services.

Ms. Lao Liling, aged 46, is the internal audit officer of our Group. She joined our Group in April 2013. Ms. Lao is responsible for the overall quality control and the compliance with internal procedures and certifications of our Company. She obtained her master's degree of business administration in executive management from Royal Roads University, British Columbia, Canada in June 2010. She also completed the SA8000 Introduction & basic auditor course in Guangzhou China conducted by the Social Accountability International in August 2009. Her service contract with our Group ended on 31 December 2018.

She has over 10 years of experience in quality assurance, including working as the general manager of Mainland China Operations and Business Development of Hong Kong area, in Hong Kong Quality Assurance Agency from July 2006 to January 2013, where she was responsible for operations management prior to joining our Group.

COMPANY SECRETARY

Mr. Yu Leung Fai, aged 42, has extensive experience in the accounting and corporate services field. He was an auditor of Deloitte Touche Tohmatsu from 2000 to 2001. Since 2001, Mr. Yu joined Fung, Yu & Co. CPA Limited (formerly Fung, Yu & Co.) and is currently the company's managing partner. Mr. Yu graduated from the University of Toronto with a bachelor's degree in commerce in 2000 and from the University of London with a bachelor's degree in law in 2005. He is a member of the American Institute of Certified Public Accountants, Certified Practising Accountants of Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Yu has also been the company secretary of Beijing Media Corporation Ltd. (stock code: 1000), Yuanda China Holdings Limited (stock code: 2789) and Sany Heavy Equipment International Holdings Limited (stock code: 631), and independent non-executive director of Realord Group Holdings Limited (stock code: 1196), all of which are listed companies on the Stock Exchange, since 2010, 2012, 2017 and 2014 respectively.

Directors' Report

The directors of the Company (the "Directors" or the "Board") are pleased to present to the shareholders their annual report together with the audited financial statements for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in Note 36 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

BUSINESS REVIEW

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) comprising analysis of the Group's performance during the Year, assessment of the principal risks and uncertainties faced by the Group, particulars of important events affecting the Group that have occurred subsequent to the end of the Year, as well as indication of likely future development in the business of the Group are set out in the sections headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 5 to 13.

Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with our stakeholders are contained in the "Environmental, Social and Governance Report" on pages 31 to 45.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 30 June 2019 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 69 to 131.

On 27 September 2019, the Board resolved to declare a final dividend of HK\$20,000,000 (HK5.00 cents per ordinary share) for the year ended 30 June 2019 (2018: HK2.50 cents per ordinary share, totally HK\$10,000,000) to our Company's shareholders whose names appear on the register of members of our Company on 22 November 2019.

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2018 and 2017.

Directors' Report

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 132. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 16 to the consolidated financial statements.

BANK BORROWING

There was no bank borrowing maintained by our Group as at 30 June 2019 (2018: Nil).

SHARES IN ISSUE IN THE YEAR

Details of the ordinary shares (the "Shares") of HK\$0.01 each in issue in the Year are set out in Note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 30 June 2019, our Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$20,056,000 (2018: HK\$11,189,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year and up to the date of this report.

Directors' Report

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors

Ms. Hai Hiu Chu (Chairman and Chief Executive Officer) ^(Note)

Mr. Woo King Hang (appointed on 16 May 2019 and resigned on 5 July 2019)

Mr. Kwan Chi Hong ^(Note) (resigned on 5 January 2019)

Note:

Ms. Hai Hiu Chu was appointed as the Chairman on 18 August 2018.

Mr. Kwan Chi Hong was the Chairman up to 17 August 2018.

Independent non-executive Directors

Dr. Chan Kai Yue Jason (appointed on 1 April 2019)

Ms. Chhoa Peck Lim Bella (appointed on 28 March 2019)

Dr. Ko Wing Man (appointed on 18 August 2018)

Mr. Wong Kon Man Jason (appointed on 9 January 2019)

Mr. Lam Cheung Wai (resigned on 5 January 2019)

Dr. Leung Yu Lung (resigned on 28 March 2019)

Dr. Luk Yim Fai (resigned on 5 January 2019)

Biographical details of the Directors and the senior management of the Group are set out on pages 46 to 49 of this annual report.

All the Directors, including non-executive and independent non-executive Directors, are subject to retirement by rotation and eligible for re-election in accordance with the Company's articles of association. At each annual general meeting, not less than one third of the Directors then in office shall retire and every Director is subject to retirement by rotation at least once every three years.

Mr. Kwan Chi Hong resigned as executive Director and Mr. Lam Cheung Wai and Dr. Luk Yim Fai resigned as independent non-executive Directors of the Company with effect from 5 January 2019. Dr. Leung Yu Lung resigned as an independent non-executive Director of the Company with effect from 28 March 2019. All of them have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders of the Company.

Confirmation of Independence

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules for relevant periods. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules for relevant periods.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Except for the agreements disclosed under the heading of "Connected Transactions" below and the transactions disclosed in Note 33 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or his or her connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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

Save as disclosed in this annual report and summarised below, none of the Directors, controlling shareholders of the Company or their respective close associates (as defined under the Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflict of interest with the Group throughout the Year.

Name of company	Shareholding in the company attributable to the 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 (who resigned as a Director on 5 January 2019)	Provision of healthcare related training service in Hong Kong	Ms. Hai Hiu Chu is director of BEST

Directors' Report

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDERS

Pursuant to the deed of non-competition undertaking dated 21 February 2017 (the "DNU") given by, among others, the controlling shareholders of the Company (namely, Ms. Hai Hiu Chu and Gold Empress Limited) (the "Controlling Shareholders") in favour of the Company (for itself and as trustee for and on behalf of each of its subsidiaries) and save and except for those exceptions as expressly stated in the DNU, the Controlling Shareholders have jointly and severally, unconditionally and irrevocably covenanted and undertaken, among other things, to the Company (for itself and as trustee for and on behalf of each of its subsidiaries) various non-competition and other undertakings, including but not limited to the undertakings not to, and to procure that none of their respective associates (as defined in the Listing Rules and other than members of the Group) will during the period during which (a) the Company's shares remain listed on the Stock Exchange; and (b) the Controlling Shareholders and their respective associates (other than members of the Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of the Company; or (c) the Controlling Shareholders or the relevant associates remain as a director of any member of the Group, directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, entities, organisations, firm or company, among other things:

- (i) carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as an investor, a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business (including but not limited to the core business in Hong Kong (namely the provision of healthcare staffing solution services but excluding the businesses operated by BML and BEST as disclosed in this annual report above) which is or is likely to be in competition with the core business of the Group, and any other new business that the Group may undertake from time to time after its listing on the Stock Exchange (the "Restricted Business") and where they become aware of such engagement of the Restricted Business they shall notify the Company forthwith;
- (ii) without the consent from the Company, make use of any information pertaining to the business of the Group which may have come to its knowledge in its capacity as its controlling shareholders for any purpose of engaging, investing or participating in any Restricted Business; and
- (iii) if there is any project or new business opportunity that relates to the Restricted Business, each of them will refer such project or new business opportunity to the Group for consideration.

The Controlling Shareholders had also continued to uphold, among others, their undertaking by allowing the Company and its representatives to have access to such information, financial and/or corporate records to facilitate the Company to determine the compliance of the undertakings contained in the DNU during the Year.

The Controlling Shareholders have provided to the Company a written confirmation confirming that, during the Year, they and their respective associates have complied with the undertakings contained in the DNU, and that there is no matter in relation to their compliance with or enforcement of the DNU that needs to be brought to the attention of the Stock Exchange, the Company and/or the Shareholders. The independent non-executive Directors have also confirmed to the Company that, having made such reasonable enquiries with the Controlling Shareholders and reviewed such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the DNU had not been complied with by the Controlling Shareholders during the Year.

Directors' Report

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

As at 30 June 2019, the interests and short positions in the shares, underlying shares and debentures of the 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 the Company which have been notified to the 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 the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

(1) Long position in the ordinary shares (each a 'Share') of HK\$0.01 each in the Company

Name of Director	Nature of interest	Number of Shares held	Percentage of shareholding (Note 2) (%)
Ms. Hai Hiu Chu	Interest of a controlled corporation	270,000,000 (Note 1)	67.5%
Mr. Woo King Hang	Beneficial owner	224,000	0.06%
Mr. Wong Kon Man Jason	Beneficial owner	250,000	0.06%

Notes:

- Ms. Hai Hiu Chu is deemed to be interested in the 270,000,000 Shares held by Gold Empress Limited ("Gold Empress") by virtue of the SFO as Gold Empress is wholly owned by Ms. Hai Hiu Chu.
- All the interests stated above represent long positions. The percentage of shareholding is calculated on the basis of 400,000,000 Shares in issue as at 30 June 2019.

Directors' Report

(2) Interests in share options granted by the Company under its share option scheme

Name of Director	Date of grant	Exercise/ vesting period	Exercise price per Share	Number of underlying Shares subject to outstanding share options	Approximate percentage of shareholding (Note 3)
Ms. Hai Hiu Chu	29 April 2019	Note 1	HK\$1.44	1,850,000	0.4625%
Mr. Woo King Hang	29 April 2019	Note 2	HK\$1.44	300,000	0.0750%
Mr. Wong Kon Man Jason	29 April 2019	Note 1	HK\$1.44	250,000	0.0625%

Notes:

- 50% of the share options shall be vested from 30 April 2020 to 29 April 2029 (both dates inclusive) and 50% of the share options shall be vested from 30 April 2021 to 29 April 2029 (both dates inclusive), being Type 1 Share Options referred to in the Company's announcement dated 29 April 2019.
- 30% of the share options shall be vested from 30 April 2020 to 29 April 2029 (both dates inclusive), 30% of the share options shall be vested from 30 April 2021 to 29 April 2029 (both dates inclusive) and 40% of the share options shall be vested from 30 April 2022 to 29 April 2029 (both dates inclusive).
- The percentage of shareholding is calculated on the basis of 400,000,000 Shares in issue as at 30 June 2019.

Save as disclosed above, none of the Directors and chief executives of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the 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 the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

Directors' Report

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

So far as the Directors are aware, as at 30 June 2019, other than the Directors and chief executives of the Company, the following persons/entities had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the 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 3) (%)
Gold Empress	Beneficial owner	270,000,000 (Note 1)	67.5%
HRnetGroup Limited (Note 2)	Beneficial owner	32,000,000 (Note 2)	8.00%

Notes:

1. Under the SFO, Ms. Hai Hiu Chu is deemed to be interested in the 270,000,000 Shares held by Gold Empress by virtue of her holding of the entire issued share capital of Gold Empress.
2. HRnetGroup Limited is a corporation incorporated in Singapore whose issued shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited.
3. All the interests stated above represent long positions. The percentage of shareholding is calculated on the basis of 400,000,000 Shares in issue as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, no other persons/entities had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was conditionally approved and adopted by a resolution of the shareholders of the Company passed on 24 June 2014 and became unconditional upon the date of the Company's initial listing of its Shares on GEM (that is 8 July 2014) (the "Listing Date").

The purpose of the Share Option Scheme is to reward eligible participants who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole.

Directors' Report

The Directors may, at their discretion, offer options (the "Options" or "share options") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to the following eligible participants: directors (including executive Directors, non-executive Director and independent non-executive Directors) and employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The maximum 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 the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 40,000,000 Shares (the "General Scheme Limit"), being 10% of the aggregate number of 400,000,000 Shares in issue on the Listing Date. As at the date of this annual report, the total number of Shares that remained available for issue under the General Scheme Limit was 32,250,000 Shares, representing approximately 8.06% of the issued share capital of the Company. No Options may be granted to any eligible participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital for the time being.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of grant under the Share Option Scheme (the "Option Period"). After the expiration of the Option Period, no further Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

There is no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the Share Option Scheme. Eligible participants of the Share Option Scheme are required to pay our Company HK\$1 upon acceptance of the grant within 28 days after the offer date.

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date on which the Option is granted, which date must be a business day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the Option is granted; and
- (iii) the nominal value of the Shares.

Directors' Report

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.

As at 30 June 2019, share options were granted by the Company under the Share Option Scheme to selected grantees to subscribe for an aggregate of 8,000,000 ordinary shares in the Company (30 June 2018: Nil).

Name of participants	Number of share options					At 30 June 2019	Exercise price (HK\$)	Date of grant	Exercise/vesting period
	At 1 July 2018	Granted during the year (Note 1)	Exercised during the year	Cancelled during the year	Lapsed during the year				
<i>Directors</i>									
Hai Hiu Chu	-	1,850,000	-	-	-	1,850,000	1.440	29/04/2019	Type 1 (Note 2)
Woo King Hang	-	300,000	-	-	-	300,000	1.440	29/04/2019	Type 3 (Note 2)
Ko Wing Man	-	250,000	-	-	(250,000)	-	1.440	29/04/2019	Type 1 (Note 2)
Wong Kon Man Jason	-	250,000	-	-	-	250,000	1.440	29/04/2019	Type 1 (Note 2)
	-	2,650,000	-	-	(250,000)	2,400,000			
<i>Employees (in aggregate)</i>									
	-	4,520,000	-	-	(690,000)	3,830,000	1.440	29/04/2019	Type 2 (Note 2)
	-	830,000	-	-	(260,000)	570,000	1.440	29/04/2019	Type 3 (Note 2)
Total	-	8,000,000	-	-	(1,200,000)	6,800,000			

Notes:

- The closing share price was HK\$1.40 per Share on 26 April 2019, being the date immediately before the date on which such share options were granted.
- Type 1 Options: 50% of the share options shall be vested from 30 April 2020 to 29 April 2029 (both dates inclusive) and 50% of the share options shall be vested from 30 April 2021 to 29 April 2029 (both dates inclusive).

Type 2 Options: 40% of the share options shall be vested from 30 April 2020 to 29 April 2029 (both dates inclusive) and 60% of the share options shall be vested from 30 April 2021 to 29 April 2029 (both dates inclusive).

Type 3 Options: 30% of the share options shall be vested from 30 April 2020 to 29 April 2029 (both dates inclusive), 30% of the share options shall be vested from 30 April 2021 to 29 April 2029 (both dates inclusive) and 40% of the share options shall be vested from 30 April 2022 to 29 April 2029 (both dates inclusive).

Each of the grantees is entitled to exercise such maximum number of share options granted to him/her as prescribed for that exercisable period (excluding the outstanding and unexercised share options granted in the preceding exercisable period, if any). Outstanding and unexercised share options at the end of each exercisable period shall lapse at the expiry of that exercisable period and are not allowed to be rolled over to the next exercisable period. Please refer to the Company's announcement dated 29 April 2019 for details.

Directors' Report

PERMITTED INDEMNITY PROVISION

The Company's articles of association provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to the Director.

The Company has taken out and maintained Directors' liability insurance throughout the Year, which provides appropriate cover for the Directors.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2019, the revenue attributable to our five largest clients accounted for less than 19% of the revenue for the Year. Costs payable to the five largest healthcare personnel placed by the Company also accounted for less than 10% of our total pay-out costs for the Year. During the Year, none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these clients or healthcare personnel of the Group.

CONNECTED TRANSACTIONS

As disclosed in the Company's announcement dated 23 January 2018 (the "CCT Announcement"), Bamboos Group Limited ("BGL"), a connected person of the Company, (as tenant) and Bamboos Professional Nursing Services Limited ("BPNSL"), an indirect wholly-owned subsidiary of the Company, (as sub-tenant) entered into a sub-tenancy agreement on 1 January 2017 (the "Sub-Tenancy Agreement") in respect of the sub-leasing of part of the premises (namely, 4/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong (the "Premises") (with a total gross floor area of approximately 4,334 square feet) at a monthly rent of HK\$130,000 for a term of three years commencing from 1 January 2017 and expiring on 31 December 2019. The Sub-Tenancy Agreement was subsequently supplemented by a supplemental agreement dated 19 January 2018 (the "Supplemental Agreement") entered into by BGL and BPNSL pursuant to which the parties agreed to increase the monthly rent from HK\$130,000 to HK\$400,000 and the total gross floor area of the Premises under lease from approximately 4,334 square feet to approximately 13,333 square feet) for the remaining term of the Sub-Tenancy Agreement. Please refer to the CCT Announcement for details.

BGL is held as to 90% by Ms. Hai Hiu Chu and she is the Director and controlling shareholder of the Company. Accordingly, the leasing under the Sub-Tenancy Agreement (as supplemented) constituted continuing connected transaction (the "CCT") for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregate annual rent is more than 5% but less than 25% and the total consideration is less than HK\$10,000,000, the CCT is subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Having reviewed the CCT, our independent non-executive Directors (the "INEDs") confirmed that the CCT was made in the ordinary and usual course of business of the Company, on normal commercial terms and in accordance with the Sub-Tenancy Agreement (as supplemented) on terms that were fair and reasonable and in the interests of the Company and the shareholders as a whole.

Directors' Report

The auditors of the Company, pursuant to Chapter 14A of the Listing Rules, confirmed that the CCT had received the approval of the Board, had been entered into in accordance with the Sub-Tenancy Agreement (as supplemented) and had not exceeded the annual caps disclosed in the CCT Announcement and nothing had come to their attention that caused them to believe that the CCT was not, in all material respects, in accordance with the pricing policies of the Group.

Except for the CCT, none of the "Related Party Transactions" as set out in Note 33 to the consolidated financial statements for the Year constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 14 to 30.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code for securities transactions by Directors. The Directors, after specific enquiries made by the Company, confirmed their compliance with the required standards set out in the Model Code throughout the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, up to the date of this annual report, there is sufficient public float of 25% of the Company's issued shares as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CHARITABLE DONATIONS

Charitable donations in cash made by the Group during the Year amounted to approximately HK\$66,000 (2018: HK\$170,000). Please also refer to the section headed "Environmental, Social and Governance Report" contained in this annual report for details of other sustainability initiatives and efforts made by our Group during the Year.

Directors' Report

LEGAL COMPLIANCE

We have kept ourselves abreast with the development of laws, rules and regulations which have or may have a significant impact on, and have been abiding the laws, rules and regulations applicable to, the operation of our business.

We have devised and implemented policies and procedures within the business structure to ensure that the operations are being run in line with the applicable laws, rules and regulations, monitored its effectiveness through regular internal review, encouraged the employees and healthcare personnel registered with the Company to familiarise themselves with the applicable laws, rules and regulations so as to raise their awareness in this respect as well as for their own benefit.

During the Year, we had complied with and were not aware of any violation of the applicable laws, rules and regulations that have a significant impact on the business operation of the Group.

RELATIONSHIPS WITH EMPLOYEES, HEALTHCARE PERSONNEL AND CLIENTS

We are committed to maintaining, and consider that we have overall maintained good relations with the employees, the healthcare personnel registered with the Company and the clients, with a view to fostering mutual trust and better understanding towards each other, and on which the success and sustainability depend.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' qualification to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 8 November 2019 to Wednesday, 13 November 2019 (both days inclusive) during which period no transfer of shares may be effected. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificate(s) should be lodged for registration with Union Registrars Limited (the "Hong Kong Branch Share Registrar"), at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Thursday, 7 November 2019.

For the purpose of ascertaining Shareholders' entitlement to the recommended final dividend for the year ended 30 June 2019, the register of members of the Company will be closed on Thursday, 21 November 2019 and Friday, 22 November 2019 during which period no transfer of the Shares may be effected. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificate(s) should be lodged for registration with the Hong Kong Branch Share Registrar at the above address by no later than 4:00 p.m. on Wednesday, 20 November 2019.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board of
Bamboos Health Care Holdings Limited
Hai Hiu Chu
Chairman

Hong Kong, 27 September 2019

Independent Auditor's Report



羅兵咸永道

To the Shareholders of Bamboos Health Care Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Bamboos Health Care Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 131, which comprise:

- the consolidated balance sheet as at 30 June 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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Independent Auditor's Report



羅兵咸永道

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to revenue recognition of revenue from provision of healthcare staffing solution services.

Independent Auditor's Report



羅兵咸永道

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition of revenue from provision of healthcare staffing solution services

Refer to note 2.18, note 4 and note 6 to the consolidated financial statements.

For the year ended 30 June 2019, the Group recognised revenue from the provision of healthcare staffing solution services of HK\$73,160,000 to private and institutional customers.

The Group makes significant judgements in determining its role as an agent and presents all such revenue on a net basis, based on gross fee received or receivable from the customers, net of service fee paid or payable to the healthcare personnel. In making this determination, management has taken into account all the attributes in the existing service arrangements including, among others, the following factors:

- The terms of agreement with healthcare personnel specify that there is no employment relationship between the Group and the healthcare personnel.
- Also, the standard term sheet with customers sets out certain material terms governing the relationship between the Group and the customers, including the terms that the Group will perform a referral service for the customers based on their requested level of qualification of the healthcare personnel subject to the availability, which is not guaranteed by the Group, and the terms that the Group does not directly participate in the performance of healthcare services and is not contractually responsible for the conduct, professional expertise or any liability in relation to the work of healthcare personnel so assigned to the customers.

We focus on revenue recognition due to the high volume of transactions, significance of the balance to the consolidated financial statements, and the significant management judgements involved in determining its role as an agent.

We understood, evaluated and validated the key controls over the revenue recognition in respect of initiation of transactions and referral of healthcare personnel, the basis, calculation and timing of the recognition.

We tested, on a sample basis, the agreements the Group entered into with the healthcare personnel and service fee reports issued by the Group to healthcare personnel. We also checked the relevant terms in the agreements to validate management's explanation that the healthcare personnel have no employment relationship with the Group, and the Group is not required to pay any service fee to the healthcare personnel in case of customer default.

We tested, on a sample basis, the standard term sheet and invoices issued by the Group to the customers. We also checked the standard term sheet stating that i) the Group will only perform a referral service for the customers based on their requested level of qualification of the healthcare personnel subject to the availability, which is not guaranteed by the Group; and ii) the Group does not directly participate in the performance of healthcare services and is not contractually responsible for the conduct, professional expertise or any liability in relation to the work of healthcare personnel so assigned to the customers.

We also tested, on a sample basis, the accuracy of revenue transactions by obtaining the agency income schedule, checking the mathematic accuracy and recalculating the revenue from provision of healthcare staffing solution services.

We also inquired and assessed management's assessment of the determination of revenue recognition on a net basis in accordance with the applicable accounting framework.

Based on the procedures performed above, we found the revenue transactions tested including management's judgements made in revenue transactions were supported by available evidence.

Independent Auditor's Report



羅兵咸永道

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report



羅兵咸永道

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



羅兵咸永道

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Chun Yu.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 September 2019

Consolidated Income Statement

For the year ended 30 June 2019

	Note	2019 HK\$'000	2018 HK\$'000
Revenue from contracts with customers	6	78,464	81,359
Other income	7	3,299	3,965
Other gains, net	8	1,094	–
Employee benefit expenses	10	(18,007)	(21,125)
Operating lease rentals		(5,418)	(3,202)
Depreciation	16	(875)	(523)
Other expenses	9	(10,389)	(8,601)
Operating profit		48,168	51,873
Finance income	12	1,087	367
Share of losses of an associate	17	(930)	(1,016)
Share of losses of a joint venture	18	(1,207)	(257)
Profit before income tax		47,118	50,967
Income tax expense	13	(8,198)	(8,746)
Profit for the year attributable to equity holders of the Company		38,920	42,221
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)			
Basic and diluted	14	HK9.73 cents	HK10.56 cents

The above consolidated income statement should be read in conjunction with accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 HK\$'000	2018 HK\$'000
Profit for the year	38,920	42,221
Other comprehensive income		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(5)	2
Total comprehensive income for the year	38,915	42,223
Total comprehensive income for the year attributable to equity holders of the Company	38,915	42,223

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2019

	Note	2019 HK\$'000	2018 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,897	1,609
Investment in and advance to an associate	17	–	1,984
Investment in a joint venture	18	1,033	2,245
Prepayments and deposits	22	7,399	1,387
		13,329	7,225
Current assets			
Inventories	21	947	84
Trade receivables	20	41,426	43,929
Prepayments, deposits and other receivables	22	5,714	4,197
Amounts due from related companies	23	892	10
Cash and cash equivalents	24	118,703	96,806
		167,682	145,026
Total assets		181,011	152,251
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	4,000	4,000
Share premium	25	39,123	39,123
Reserves	26	106,858	77,394
Total equity		149,981	120,517

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2019

	Note	2019 HK\$'000	2018 HK\$'000
Non-current liabilities			
Deferred income tax liabilities	30	192	119
Current liabilities			
Trade payables	28	16,260	17,571
Accruals and other payables	29	4,666	3,898
Tax payable		9,912	10,146
		<u>30,838</u>	<u>31,615</u>
Total liabilities		<u>31,030</u>	<u>31,734</u>
Total equity and liabilities		<u>181,011</u>	<u>152,251</u>

The consolidated financial statements on pages 69 to 131 were approved by the Board of Directors on 27 September 2019 and were signed on its behalf

Hai Hiu Chu

Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Attributable to equity holders of the Company					
	Share capital (Note 25) HK\$'000	Share premium (Note 25) HK\$'000	Share-based compensation		Retained earnings HK\$'000	Total HK\$'000
			reserve (Note 27) HK\$'000	Translation reserve HK\$'000		
At 1 July 2017	4,000	39,123	-	-	55,171	98,294
Profit for the year	-	-	-	-	42,221	42,221
Currency translation differences	-	-	-	2	-	2
Total comprehensive income	-	-	-	2	42,221	42,223
Transaction with owners:						
Dividends relating to 2017 (Note 15)	-	-	-	-	(20,000)	(20,000)
At 30 June 2018	4,000	39,123	-	2	77,392	120,517
At 1 July 2018	4,000	39,123	-	2	77,392	120,517
Profit for the year	-	-	-	-	38,920	38,920
Currency translation differences	-	-	-	(5)	-	(5)
Total comprehensive income	-	-	-	(5)	38,920	38,915
Transactions with owners:						
Dividends relating to 2018 (Note 15)	-	-	-	-	(10,000)	(10,000)
Employee share scheme	-	-	549	-	-	549
	-	-	549	-	(10,000)	(9,451)
At 30 June 2019	4,000	39,123	549	(3)	106,312	149,981

The above consolidated statement of change in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 HK\$'000	2018 HK\$'000
Cash flows from operating activities			
Cash generated from operations	34	40,326	30,204
Income tax paid		(8,359)	(6,643)
		31,967	23,561
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(214)	(878)
Investment in and advance to an associate	17	–	(3,000)
Capital injection for a joint venture	18	–	(2,500)
Payment for acquisition of a subsidiary, net of cash acquired	32	(1,148)	–
Proceeds from disposal of property, plant and equipment	34	205	–
Short-term bank deposits		–	36,138
Interest received		1,087	367
		(70)	30,127
Cash flows from financing activity			
Dividends paid	15	(10,000)	(20,000)
		(10,000)	(20,000)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	24	96,806	63,118
Cash and cash equivalents at the end of the year	24	118,703	96,806

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Bamboos Health Care Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of healthcare staffing solution services in Hong Kong.

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, Uglan House, Grand Cayman, KYI-1104, Cayman Islands and its principal place of business is 4/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) *New and amendments to standards and interpretations adopted by the Group*

The following new and amendments to standards and interpretations are mandatory for the accounting period beginning on 1 July 2018 and are adopted by the Group during the year:

HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15
HK (IFRIC) 22	Foreign currency transactions and advance consideration
HKAS 28 (Amendments)	Investment in associate and joint ventures
HKAS 40 (Amendments)	Transfer of investment property
HKFRS 1 (Amendments)	First time adoption of HKFRS

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 2.2 below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New and amendments to standards, interpretations and conceptual framework not yet adopted by the Group

A number of new and amendments to standards, interpretations and conceptual framework are effective for annual periods beginning after 1 July 2019 and have not been early adopted by the Group in preparing these consolidated financial statements:

Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle ¹
HKFRS 9 (Amendments)	Prepayment features with negative compensation ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ⁴
HKFRS 16	Leases ¹
HKFRS 17	Insurance contracts ³
HKAS 28 (Amendments)	Long-term interests in associates and joint ventures ¹
HK(IFRIC)-Int 23	Uncertainty over income tax treatments ¹
HKFRS 3 (Amendments)	Definition of a business ²
HKAS 19 (Amendments)	Employee benefits ¹
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting ²
HKAS 1 and HKAS 8 (Amendments)	Definition of material ²

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective date not yet determined

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) *New and amendments to standards, interpretations and conceptual framework not yet adopted by the Group (continued)*

None of these new and amendments to standards, interpretations and conceptual framework is expected to have a significant effect on the consolidated financial statements of the Group, except those set out below:

HKFRS 16, "Leases"

Nature of change

The Group is a lessee of office premises which are currently classified as operating leases. The Group's current accounting policy for such leases, as set out in Note 2.19, is to record the rental expenses in the Group's consolidated income statement for the current year with the related operating lease commitments being separately disclosed in Note 31. HKFRS 16 provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated balance sheet. Instead, all non-current leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the Group's consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation. The new standard will therefore result in a derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the consolidated balance sheet.

In the consolidated income statement, as a result, the annual rental and amortisation expenses of prepaid operating lease under otherwise identical circumstances will decrease, while depreciation of right-of-use of assets and interest expense arising from the financial liabilities will increase.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New and amendments to standards, interpretations and conceptual framework not yet adopted by the Group (continued)

HKFRS 16, "Leases" (continued)

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$5,953,000 and account for 19.2% of the total liabilities of the Group as at 30 June 2019.

For the lease commitments, the Group expects to recognise right-of-use assets of approximately HK\$4,693,000 on 1 July 2019, lease liabilities of HK\$5,999,000 and deferred tax assets of HK\$150,000. Overall net assets will be approximately HK\$756,000 lower, and net current assets will be HK\$4,741,000 lower due to the presentation of a portion of the liabilities as current liabilities.

The Group expects that net profit after tax will increase by approximately HK\$911,000 for the year ending 30 June 2020 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately HK\$4,886,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Date of adoption by the Group

The new standard is not expected to apply until the financial year beginning on or after 1 July 2019.

2.2 Changes in Accounting Policies

As explained in Note 2.2(a) and 2.2(b) below, HKFRS 9 and HKFRS 15 were generally adopted by the Group without restating comparative information. As a result of the changes in the entity's accounting policies, certain reclassifications and adjustments are therefore not reflected in the restated consolidated balance sheet as at 30 June 2018, but are recognised in the opening consolidated balance sheet on 1 July 2018.

The reclassifications and adjustments are explained in more detail by standard below.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies (continued)

(a) HKFRS 9 “Financial Instruments” – Impact of adoption

HKFRS 9, “Financial instruments”, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The adoption of HKFRS 9 has resulted in changes in the Group’s accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. The new accounting policies are set out in below.

(i) Classification and measurement

On 1 July 2018 (the date of initial application of HKFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 measurement categories including those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and those to be measured at amortised cost.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9’s new expected credit loss model:

- Trade receivables; and
- Other financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents is also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group has applied the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables as at 1 July 2018 and the change in impairment methodologies has no material impact of the Group’s consolidated financial statements and the opening loss allowance is not restated in this respect.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies (continued)

(a) HKFRS 9 “Financial Instruments” – Impact of adoption (continued)

(ii) Impairment of financial assets (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits, other receivables and amounts due from related companies. The Group has assessed that the expected credit loss model apply to the deposits, other receivables and amounts due from related companies as at 1 July 2018 and the change in impairment methodologies has no material impact of the Group’s consolidated financial statements and the opening loss allowance is not restated in this respect.

(b) HKFRS 15 “Revenue from Contracts with Customers” – Impact of adoption

The Group has adopted HKFRS 15 from 1 July 2018 which resulted in changes to accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group elected to adopt HKFRS 15 without restating comparatives as it has chosen the simplified transition method, to apply HKFRS 15 retrospectively only to contracts that are not completed at the date of initial application (1 July 2018).

The reclassifications and the adjustments arising from the new revenue recognition rules are therefore not reflected in the consolidated balance sheet as at 30 June 2018, but are recognised in the opening consolidated balance sheet on 1 July 2018. In summary, the following reclassification was made to the amount recognised in the consolidated balance sheet at the date of initial application (1 July 2018):

Consolidated balance sheet (extracted):	HKAS 18 carrying amount 30 June 2018 HK\$’000	Reclassification	HKFRS 15 carrying amount 1 July 2018 HK\$’000
Current liabilities			
Deferred income	31	(31)	–
Contract liabilities	–	31	31

Contract liabilities in relation to the consideration received from customers for advertising and activity services were previously presented as deferred income.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.3.2 An associate

An associate is the entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting (see 2.3.4 below), after initially being recognised at cost.

2.3.3A joint venture

Investment in a joint venture is accounted for using the equity method (see 2.3.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.3.4 Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate and joint venture are recognised as a reduction in the carrying amount of the investments.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

2.7 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the unexpired period of lease or useful life, whichever is shorter
Furniture and fixtures	20%
Operating equipment and machinery	10% to 20%
Computer equipment	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in other gains, net.

2.9 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

(a) *Classification*

From 1 July 2018, the Group classifies its financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The group classifies its debt instruments into following category:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement. Impairment losses are presented as separate line item in the consolidated income statement.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(d) Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(e) Accounting policies applied until 30 June 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 30 June 2018, the Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Reclassification

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made.

(ii) Subsequent measurement

The measurement at initial recognition did not change on adoption of HKFRS 9, see description above. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(e) Accounting policies applied until 30 June 2018 (continued)

(iii) Impairment

The Group assesses at each of the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

For loans and receivables category, 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realised the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of group entities or counterparty.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and bank deposits with original maturities of three months or less that are really convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

(a) Pension obligations

The Group participates in a defined contribution retirement benefit plan which is available to all relevant employees. The plan is generally funded through payments to schemes established by trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The contributions are recognised as employee benefit expenses when they are due. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

All contributions to pension plans are fully and immediately vested and the Group has no unvested benefits available to reduce its future contributions.

(b) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2.17 Share-based payments

Share-based compensation benefits are provided to directors and employees via the employee share scheme. Information relating to these schemes is set out in Note 27.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Share-based payments (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity.

2.18 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of goods or services rendered in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales within the Group.

The Group recognises revenue when the control of goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

- (a) Revenue from the provision of healthcare staffing solution services is recognised at point in time when the relevant services have been performed by the healthcare personnel as referred by the Group in accordance with services requested by the respective healthcare service demanders.
- (b) Revenue from outreach services is recognised over the time because the customer simultaneously receives and consumes the benefits provided by the Group.
- (c) Revenue from operation of plastic surgery clinic is recognised at the time when the services are rendered.
- (d) Activity income is recognised at the time when the services are rendered.
- (e) Advertising income is recognised at the time when the relevant advertisements have been published on a healthcare-related magazine which is issued by the Group for free distributions.
- (f) Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.21 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The finished goods comprises healthcare supplies. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.22 Interest income

Interest income is recognised using the effective interest method.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow interest-rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factors

(a) *Foreign exchange risk*

The Group mainly operates in Hong Kong with most of its transactions denominated and settled in Hong Kong dollars, management are of the opinion that the Group's exposures to changes in exchange rates of foreign currencies is insignificant.

(b) *Credit risk*

(i) **Risk Management**

Credit risk is managed on a group basis. The carrying amounts of cash and cash equivalents, trade receivables, deposits, other receivables and amounts due from related companies represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has policies that limit the amount of credit exposure to any financial institutions. The Group has also policies in place to ensure that the sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers.

In addition, the Group reviews regularly the recoverable amount of deposits, other receivable and amounts due from related companies to ensure that adequate impairment losses are made for irrecoverable amounts.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

Trade receivables

Trade receivables from the provision of services are subject to the expected credit loss model. While cash and cash equivalents is also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group measures the expected credit losses on a combination of both individual and collective basis. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. Trade receivables are written off when there is no reasonable expectation of recovery.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indication that the receivable is impaired.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated income statement.

The impact of transition to HKFRS 9 as a result of applying the expected credit risk model was immaterial.

Other financial assets at amortised cost

The Group applies a 12-month expected credit loss on other financial assets at amortised cost. Management considered among other factors, analysed historical pattern and concluded that the expected credit loss for other financial assets at amortised cost to be immaterial as the credit risk is assessed as low.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and cash equivalents.

The Group's primary cash requirements have been the payment of service fees to healthcare personnel on behalf of the respective service demanders and operating.

The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents to meet its liquidity requirements in the short and long term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 30 June 2019				
Trade payables	16,260	–	–	16,260
Accruals and other payables	3,615	–	–	3,615
	19,875	–	–	19,875
At 30 June 2018				
Trade payables	17,571	–	–	17,571
Accruals and other payables	3,656	–	–	3,656
	21,227	–	–	21,227

(d) Cash flow interest-rate risks

The Group does not have any significant interest bearing financial assets or liabilities except for cash at banks, details of which are disclosed in Note 24. Accordingly, the directors are of the opinion that the Group does not have significant cash flow interest rate risk and no sensitivity analysis is performed.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders and issue new shares.

3.3 Fair value estimation

As at 30 June 2019 and 2018, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade receivables, deposits, other receivables and amounts due from related companies; and the Group's current financial liabilities including trade payables and accruals and other payables approximate their fair values due to their short maturities.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, or the presentation of the consolidated financial statements within the next financial year are discussed below.

Determination of the Group's role as a principal or an agent

The management considers that under the Group's healthcare staffing solution services, it is acting as an agent, taking into account the totality of all relevant attributes underlying the existing service arrangements. The major features that indicate that the Group is acting as an agent include:

– ***Employment relationships between the Group and the healthcare personnel***

The terms of agreement with healthcare personnel specify that there is no employment relationship between the Group and the healthcare personnel.

– ***Contractual exposure***

The standard term sheet with customers sets out certain material terms governing the relationship between the Group and the customers, including the terms that the Group will perform a referral service for the customers based on their requested level of qualification of the healthcare personnel subject to the availability of the healthcare personnel which is not guaranteed by the Group, and the terms that the Group does not directly participate in the performance of healthcare services and is not contractually responsible for the conduct, professional expertise or any liability after the commencement of work of healthcare personnel so assigned to the customers.

The management reassesses the Group's position upon any subsequent changes in the existing service arrangements.

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION

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 request from these customers. During the year, the Group is also engaged in the operation of plastic surgery clinic through an acquisition of a subsidiary.

Management reviews the operating results of the business as one segment to make decisions about resources allocation. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The Group primarily operates in Hong Kong and most of its non-current assets are located in Hong Kong. During the year ended 30 June 2019, all revenue was earned from external customers in Hong Kong (2018: same).

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019	2018
	HK\$'000	HK\$'000
Revenue from provision of healthcare staffing solution services	73,160	77,578
Revenue from provision of outreach case assessment related services	4,736	3,781
Revenue from operation of plastic surgery clinic	568	–
	78,464	81,359
	2019	2018
	HK\$'000	HK\$'000
Timing of revenue recognition		
– At a point in time	73,728	77,578
– Over time	4,736	3,781
	78,464	81,359

Notes to the Consolidated Financial Statements

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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

	2019 HK\$'000	2018 HK\$'000
Gross fee	269,196	298,937
Cost attributable to healthcare personnel	(196,036)	(221,359)
Revenue from provision of healthcare staffing solution services	73,160	77,578

The gross fee does not represent the Group's revenue.

7 OTHER INCOME

	2019 HK\$'000	2018 HK\$'000
Advertising income	1,303	1,603
Sales of goods	738	948
Activity income	227	313
Others	1,031	1,101
	3,299	3,965

8 OTHER GAINS, NET

	2019 HK\$'000	2018 HK\$'000
Gain on deemed disposal of an associate (Note 32)	1,944	–
Gain on bargain purchase from an acquisition of business (Note 32)	305	–
Gains on disposals of property, plant and equipment (Note 34)	115	–
Others	(1,270)	–
	1,094	–

Notes to the Consolidated Financial Statements

9 OTHER EXPENSES

	2019 HK\$'000	2018 HK\$'000
Auditor's remuneration	880	880
Legal and professional fee	1,942	1,688
Management service fee	1,899	–
Rates and management fee	1,314	784
Printing costs	1,138	669
Postage, utilities and general office expenses	667	749
Advertising and promotion expenses	499	1,079
Travelling and transportation expenses	446	636
Cost of inventories sold	381	289
Entertainment	321	311
Insurance expenses	265	301
Bank charges	233	218
Donation	66	170
Sponsorship	49	226
Activity expenses	45	228
Cost of services	28	–
Other expenses	216	373
	10,389	8,601

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2019 HK\$'000	2018 HK\$'000
Wages, salaries and bonuses	16,460	19,555
Pension costs – defined contribution plan	537	522
Share-based payments to directors and employees	549	–
Other staff welfare	461	1,048
	18,007	21,125

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Hong Kong incorporated subsidiaries of the Group and their Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions made by the Group and the employees are subject to a cap of HK\$1,500 each, with contributions beyond these amounts being voluntary.

Notes to the Consolidated Financial Statements

11 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 30 June 2019 is set out below:

Emoluments paid to or receivable by directors in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

	Fees HK\$'000	Salaries HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind (Note ix) HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid to or receivable by directors in respect of accepting office as director HK\$'000	Emoluments paid to or receivable by directors in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK\$'000	Total HK\$'000
<u>Executive directors:</u>								
Ms. Hai Hiu Chu (Chief executive officer)	-	1,800	300	174	18	-	-	2,292
Mr. Woo King Hang (iii)	-	168	-	72	2	-	-	242
Mr. Kwan Chi Hong (i)	-	924	150	-	10	-	-	1,084
<u>Independent non-executive directors:</u>								
Dr. Chan Kai Yue Jason (vii)	30	-	-	-	-	-	-	30
Ms. Chhoa Peck Lim Bella (vi)	31	-	-	-	-	-	-	31
Dr. Ko Wing Man (iv)	105	-	-	-	-	-	-	105
Mr. Wong Kon Man Jason (v)	57	-	-	24	-	-	-	81
Mr. Lam Cheung Wai (i)	-	-	-	-	-	-	-	-
Dr. Leung Yu Lung (viii)	89	-	-	-	-	-	-	89
Dr. Luk Yim Fai (i)	62	-	-	-	-	-	-	62
	374	2,892	450	270	30	-	-	4,016

Notes to the Consolidated Financial Statements

11 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended 30 June 2018 is set out below:

Emoluments paid to or receivable by directors in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

	Fees HK\$'000	Salaries HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind (Note ix) HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid to or receivable by directors in respect of accepting office as director HK\$'000	Emoluments paid to or receivable by directors in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK\$'000	Total HK\$'000
<u>Executive directors:</u>								
Mr. Kwan Chi Hong (i)	-	1,800	-	-	18	-	-	1,818
Ms. Hai Hiu Chu (Chief executive officer)	-	1,800	-	-	18	-	-	1,818
<u>Non-executive director:</u>								
Mr. Wong Kam Pui (ii)	120	-	-	-	-	-	-	120
<u>Independent non-executive directors:</u>								
Mr. Lam Cheung Wai (i)	-	-	-	-	-	-	-	-
Dr. Luk Yim Fai (i)	120	-	-	-	-	-	-	120
Dr. Leung Yu Lung (viii)	120	-	-	-	-	-	-	120
	360	3,600	-	-	36	-	-	3,996

Notes to the Consolidated Financial Statements

11 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

Notes:

- (i) Resigned on 5 January 2019
- (ii) Resigned on 1 July 2018
- (iii) Appointed on 16 May 2019 and resigned on 5 July 2019, the remunerations of Mr. Woo King Hang represent remunerations received from the Group by him in his capacity as an employee to the Group during 16 May 2019 to 30 June 2019
- (iv) Appointed on 18 August 2018
- (v) Appointed on 9 January 2019
- (vi) Appointed on 28 March 2019
- (vii) Appointed on 1 April 2019
- (viii) Resigned on 28 March 2019
- (ix) Includes housing allowances and estimated money value of other non-cash benefits: share options

No directors waived or agreed to waive any emoluments during the year ended 30 June 2019 (2018: same).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2018: two) directors whose emoluments are reflected in the analysis presented in Note 11(a) above. The emoluments payable to the remaining three (2018: three) individuals during the year are as follows:

	2019	2018
	HK\$'000	HK\$'000
Basic salaries, bonuses, others allowances and benefits in kind	1,730	2,123
Pension costs – defined contribution plan	52	36
Share-based payments to employees	145	–
	1,927	2,159

The emoluments fell within the following bands:

	2019	2018
Emolument bands		
Nil to HK\$1,000,000	3	3

No emoluments have been paid to the directors of the Company or the highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the year (2018: Nil).

Notes to the Consolidated Financial Statements

11 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(c) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits under a defined benefit scheme or termination benefits during the year (2018: Nil).

(d) Consideration provided to third parties for making available directors' services

The Company did not pay consideration to any third parties for making available directors' services during the year (2018: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, controlled body corporate by and connected entities with such directors subsisted at the end of the period or at any time during the year (2018: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 33, no significant transactions, arrangements or contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: Nil).

12 FINANCE INCOME

	2019	2018
	HK\$'000	HK\$'000
Interest income on bank deposits	1,087	367

Notes to the Consolidated Financial Statements

13 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year arising in or derived from Hong Kong.

	2019	2018
	HK\$'000	HK\$'000
Current income tax:		
– Current tax on profit for the year	8,125	8,789
– Over provision in prior year	–	(12)
Deferred income tax expense/(credit) (Note 30)	73	(31)
Income tax expense	8,198	8,746

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the principal place of the Group's operations, as follows:

	2019	2018
	HK\$'000	HK\$'000
Profit before income tax	47,118	50,967
Tax at the applicable tax rate of 16.5% (2018: 16.5%)	7,774	8,410
Effect of progressive rate at 8.25% (2018: nil)	(165)	–
Income not subject to tax	(550)	(61)
Expenses not deductible for tax purpose	1,011	409
Tax losses not recognised	128	–
Over provision in prior years	–	(12)
	8,198	8,746

Note: On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the 'Bill') which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. The two-tiered profits tax rate regime is applicable to the Group for the year ended 30 June 2019.

Notes to the Consolidated Financial Statements

14 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 year.

	2019	2018
Profit attributable to equity holders of the Company (HK\$'000)	38,920	42,221
Weighted average number of ordinary shares in issue (thousands)	400,000	400,000
Basic earnings per share (HK cents)	9.73	10.56

Diluted earnings per share for the years were the same as basic earnings per share. During the year ended 30 June 2019, the exercise of the outstanding share options would be anti-dilutive. During the year ended June 2018, the Group had no potentially dilutive ordinary shares in issue.

15 DIVIDENDS

On 27 September 2019, the Board resolved to declare a final dividend of HK\$20,000,000 (HK\$5.00 cents per ordinary share) for the year ended 30 June 2019 to the Company's shareholders whose names appear on the register of members of the Company on 22 November 2019. This proposed dividend is not reflected as dividend payable in these consolidated financial statements.

On 24 August 2018, the Board resolved to declare a final dividend of HK\$10,000,000 (HK2.50 cents per ordinary share) for the year ended 30 June 2018 to the Company's shareholders whose names appear on the register of members of the Company on 12 October 2018.

Notes to the Consolidated Financial Statements

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Operating equipment and machinery HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 July 2017						
Cost	261	571	–	671	1,427	2,930
Accumulated depreciation	(39)	(425)	–	(390)	(822)	(1,676)
Net book amount	222	146	–	281	605	1,254
Year ended 30 June 2018						
Opening net book amount	222	146	–	281	605	1,254
Additions	40	117	–	721	–	878
Depreciation	(89)	(49)	–	(101)	(284)	(523)
Closing net book amount	173	214	–	901	321	1,609
At 30 June 2018						
Cost	301	688	–	1,392	1,427	3,808
Accumulated depreciation	(128)	(474)	–	(491)	(1,106)	(2,199)
Net book amount	173	214	–	901	321	1,609
Year ended 30 June 2019						
Opening net book amount	173	214	–	901	321	1,609
Additions	35	70	–	109	–	214
Acquisition from associate to subsidiary (Note 32)	1,404	137	2,337	161	–	4,039
Disposals	–	(64)	–	(16)	(10)	(90)
Depreciation	(260)	(71)	(100)	(159)	(285)	(875)
Closing net book amount	1,352	286	2,237	996	26	4,897
At 30 June 2019						
Cost	1,740	357	2,337	1,550	799	6,783
Accumulated depreciation	(388)	(71)	(100)	(554)	(773)	(1,886)
Net book amount	1,352	286	2,237	996	26	4,897

Notes to the Consolidated Financial Statements

17 INVESTMENT IN AND ADVANCE TO AN ASSOCIATE

	2019	2018
	HK\$'000	HK\$'000
Investment in an associate	–	2
Share of losses of an associate	–	(1,016)
Advance to an associate	–	2,998
	–	1,984

Movement of investment in and advance to an associate are analysed as below:

	2019	2018
	HK\$'000	HK\$'000
As at 1 July	1,984	–
Investment in an associate	–	2
Advance to an associate	–	2,998
Share of losses of an associate	(930)	(1,016)
Disposal of an associate	(1,054)	–
As at 30 June	–	1,984

Set out below is the associate of the Group as at 30 April 2019 which, in the opinion of the directors, is material to the Group. The associate as listed below has share capital consisting solely of ordinary shares, which were held directly by the subsidiary of the Company. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Notes to the Consolidated Financial Statements

17 INVESTMENT IN AND ADVANCE TO AN ASSOCIATE (CONTINUED)

Nature of investment in a subsidiary/associate as at 30 June 2019 are as follows:

Name	Place of incorporation	% of ownership interest		Principal activities
		2019	2018	
Garden Medical Centre Limited ("GMC") (Note)	Hong Kong	100%	30%	Operation of plastic surgery clinic in Hong Kong

GMC is a private company and there is no quoted market price available for its shares. There were no contingent liabilities relating to the Group's investment in and advance to the associate.

Note: The Group has acquired the remaining 70% equity interest in GMC on 30 April 2019 and thereafter GMC becomes a wholly-owned subsidiary of the Group. For details of the acquisition, please refer to Note 32.

The advance is interest free and matures till March 2020.

Summarised financial information for an associate

The summarised financial information in respect of the associate up to the date of control obtained, is set out as below:

Summarised statement of comprehensive income

	For the period ended 30 April 2019 HK\$'000	For the year ended 30 June 2018 HK\$'000
Revenue	6,470	2,557
Depreciation	(1,282)	(829)
Loss and total comprehensive loss	(3,100)	(3,387)

Notes to the Consolidated Financial Statements

17 INVESTMENT IN AND ADVANCE TO AN ASSOCIATE (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its investment in and advance to an associate

	For the period ended 30 April 2019 HK\$'000	For the year ended 30 June 2018 HK\$'000
Summarised financial information		
Opening net assets	6,613	–
Capital injection and advance from shareholders	1,000	10,000
Loss for the period/year	(3,100)	(3,387)
Closing net assets	4,513	6,613
Group's share in %	–	30%
Advance to an associate	–	1,984
Carrying amount as at 30 June 2019	–	1,984

18 INVESTMENT IN A JOINT VENTURE

	2019 HK\$'000	2018 HK\$'000
Investment in a joint venture	2,500	2,500
Share of losses of a joint venture	(1,464)	(257)
Currency translation differences	(3)	2
	1,033	2,245

Notes to the Consolidated Financial Statements

18 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Movement of investment in a joint venture are analysed as below:

	2019	2018
	HK\$'000	HK\$'000
As at 1 July	2,245	–
Capital injection to a joint venture	–	2,500
Share of losses of a joint venture	(1,207)	(257)
Currency translation differences	(5)	2
As at 30 June	1,033	2,245

Set out below is the joint venture of the Group as at 30 June 2019 which, in the opinion of the directors, is material to the Group. The joint venture as listed below has share capital consisting solely of ordinary shares, which are held directly by the subsidiary of the Company. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Nature of investment in a joint venture as at 30 June 2019 is as follows:

Name	Place of incorporation	% of ownership interest		Principal activities
		2019	2018	
Bamboos Professional Nursing Services PTE. Limited ("PNS PTE")	Singapore	50%	50%	Healthcare staffing solution services in Singapore

PNS PTE is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's investment in the joint venture.

Notes to the Consolidated Financial Statements

18 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for a joint venture

Summarised balance sheet

	2019 HK\$'000	2018 HK\$'000
Current		
Cash and cash equivalents	1,785	4,415
Other current assets (excluding cash)	367	164
Total current assets	2,152	4,579
Trade payables	(101)	–
Current financial liabilities (excluding trade payables)	(193)	(147)
Total current liabilities	(294)	(147)
Non-current		
Assets	742	58
Liabilities	(534)	–
Net assets	2,066	4,490

Summarised statement of comprehensive income

	2019 HK\$'000	2018 HK\$'000
Revenue	491	–
Depreciation	(90)	(1)
Loss and total comprehensive loss	(2,414)	(514)

Notes to the Consolidated Financial Statements

18 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its investment in a joint venture

	2019 HK\$'000	2018 HK\$'000
Summarised financial information		
Opening net assets	4,490	–
Capital injection from shareholders	–	5,000
Loss for the year	(2,414)	(514)
Exchange difference	(10)	4
Closing net assets	2,066	4,490
Group's share in %	50%	50%
Investment in a joint venture	1,033	2,245
Carrying amount as at 30 June 2019	1,033	2,245

Notes to the Consolidated Financial Statements

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost/loans and receivables	
	2019	2018
	HK\$'000	HK\$'000
Assets included in the consolidated balance sheet		
Advance to an associate (Note 17)	–	1,984
Trade receivables (Note 20)	41,426	43,929
Deposits and other receivables (Note 22)	10,635	4,743
Amounts due from related companies (Note 23)	892	10
Cash and cash equivalents (Note 24)	118,703	96,806
	171,656	147,472
Financial liabilities at amortised costs		
	2019	2018
	HK\$'000	HK\$'000
Liabilities included in the consolidated balance sheet		
Trade payables (Note 28)	16,260	17,571
Accruals and other payables	3,615	3,656
	19,875	21,227

Notes to the Consolidated Financial Statements

20 TRADE RECEIVABLES

	2019	2018
	HK\$'000	HK\$'000
Trade receivables	41,426	43,929

The carrying amounts of trade receivables are denominated in Hong Kong dollars.

As at 30 June 2019, balances due from the top five customers accounted for 29% (2018: 26%) of the total balances. There is no concentration of credit risk with respect to trade receivables as there is a dispersed number of independent customers. The directors consider that the credit risk in respect of these customers is currently low after considering past experience with these customers.

The Group's trade receivables had no credit term and payment was immediately due upon presentation of invoices to customers. As at 30 June 2019 and 2018, all trade receivables were past due but not considered to be impaired because these mainly related 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 was as follow:

	2019	2018
	HK\$'000	HK\$'000
Less than 61 days	33,041	37,031
61 to 90 days	4,630	5,045
91 to 180 days	1,827	1,631
Over 180 days	1,928	222
	41,426	43,929

The credit quality of trade receivables past due but not 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 30 June 2019 and 2018, no collateral has been received from these counterparties.

Notes to the Consolidated Financial Statements

21 INVENTORIES

	2019	2018
	HK\$'000	HK\$'000
Trading merchandise	947	84

Cost of inventories sold recognised as expenses and included in "other expenses" amounted to HK\$381,000 (2018: HK\$289,000).

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK\$'000	HK\$'000
Current		
Prepayments	1,206	841
Deposits	3,779	2,835
Other receivables	729	521
	5,714	4,197
Non-current		
Prepayment	1,272	–
Deposits	6,127	1,387
	7,399	1,387
Total	13,113	5,584

The carrying amounts of prepayments, deposits and other receivables of the Group are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

23 AMOUNTS DUE FROM RELATED COMPANIES

	2019 HK\$'000	2018 HK\$'000
Bamboos Professional Nursing Services PTE. Limited	102	10
Bamboos Limited	25	–
Bamboos Education School For Talents Limited	321	–
The Hong Kong Health Care Federation Limited	444	–
	892	10

The maximum outstanding receivable balances during the year are as follows:

	2019 HK\$'000	2018 HK\$'000
Bamboos Professional Nursing Services PTE. Limited	102	10
Bamboos Limited	25	–
Bamboos Education School For Talents Limited	321	–
The Hong Kong Health Care Federation Limited	444	–

The amounts due from related companies are unsecured, interest-free, repayable on demand and denominated in Hong Kong dollars.

24 CASH AND BANK BALANCES

	2019 HK\$'000	2018 HK\$'000
Cash at banks	43,930	59,726
Bank deposits	74,741	37,072
Cash on hand	32	8
Total cash and cash equivalents	118,703	96,806
Maximum exposure to credit risk	118,671	96,798

The effective interest rate on the bank deposits was 1% per annum (2018: 1% per annum). These deposits had original maturity of three months or less.

The carrying amounts of the cash and bank balances are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

25 SHARE CAPITAL AND SHARE PREMIUM

Share capital

	Number of shares	Ordinary shares of HK\$0.01 each HK\$'000
Authorised:		
At 1 July 2017, 30 June 2018 and 30 June 2019	2,000,000,000	20,000
Issued and fully paid:		
At 1 July 2017, 30 June 2018 and 30 June 2019	400,000,000	4,000

Share premium

	2019 HK\$'000	2018 HK\$'000
At 30 June 2018 and 30 June 2019	39,123	39,123

Information relating to the share option, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 27.

26 RESERVES

Movement in reserves of the Group are set out in the consolidated statement of changes in equity in page 73.

Notes to the Consolidated Financial Statements

27 SHARE-BASED PAYMENTS

The Company has a share option scheme approved and adopted on 29 April 2019 (“Share Option Scheme”), pursuant to which share options may be granted to directors (including executive, non-executive or independent non-executive directors) and any employee (full-time or part-time) of the Group (on an employment or contractual or honorary basis and paid or unpaid) to subscribe for the shares of the Company, subject to a maximum of 10% of the total number of shares in issue as at the listing date or such maximum number as approved by the shareholders.

The Share Option Scheme is valid and effective for a period of ten years commencing on the adoption date of the scheme.

The exercise price shall be at least the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares.

Set out below are summaries of options granted under the plan:

	Average exercise price in HK\$ per share option	Number of options
As at 1 July 2018	–	–
Granted during the year	1.44	8,000,000
Forfeited during the year	1.44	(1,200,000)
As at 30 June 2019	1.44	6,800,000
Vested and exercisable at 30 June 2019	–	–

As at 30 June 2019, nil options out of the 6,800,000 outstanding options were exercisable.

Notes to the Consolidated Financial Statements

27 SHARE-BASED PAYMENTS (CONTINUED)

Share options outstanding as at 30 June 2019 have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price in HK\$ per share option	Number of options
29 April 2019	29 April 2029	1.44	6,800,000

The assessed fair value at grant date of options granted during the year ended 30 June 2019 was HK\$0.68 per option. The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 30 June 2019 included:

- (a) vested options are exercisable for a period of three years after vesting
- (b) exercise price: HK\$1.44
- (c) grant date: 29 April 2019
- (d) expiry date: 29 April 2029
- (e) share price at grant date: HK\$1.44
- (f) expected price volatility of the company's shares: 52%
- (g) expected dividend yield: 1.74%
- (h) risk-free interest rate: 1.67%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Notes to the Consolidated Financial Statements

28 TRADE PAYABLES

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

The ageing analysis of trade payables based on invoice date was as follows:

	2019 HK\$'000	2018 HK\$'000
Less than 31 days	16,149	17,571
31 to 60 days	53	–
61 to 90 days	58	–
	16,260	17,571

The carrying amounts of trade payables are denominated in Hong Kong dollars.

29 ACCRUALS AND OTHER PAYABLES

	2019 HK\$'000	2018 HK\$'000
Accrued expenses	3,103	2,710
Other payables	1,270	1,157
Deferred income	–	31
Contract liabilities	293	–
	4,666	3,898

The carrying amounts of accruals and other payables are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

30 DEFERRED INCOME TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2018: 16.5%). The movement on deferred income tax liabilities in respect of decelerated tax depreciation is as follows:

	2019	2018
	HK\$'000	HK\$'000
At 1 July	(119)	(150)
(Charged)/credited to profit or loss (Note 13)	(73)	31
At 30 June	(192)	(119)

Deferred income tax assets are only recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has not recognised deferred tax assets of approximately HK\$7,266,000 (2018: Nil) arising from potential tax losses to carry forward against future taxable income as there is no evidence that sufficient future taxable income will be available. All these tax losses do not have an expiry date.

31 COMMITMENTS

(a) Capital commitment

	2019	2018
	HK\$'000	HK\$'000
Capital injection to PNS PTE contracted but not yet incurred	2,500	2,500
Property, plant and equipment contracted but not provided for	350	–

Notes to the Consolidated Financial Statements

31 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group leases offices under non-cancellable operating lease agreements from a related party (Note 33(b)) and a third party. The lease terms are generally within three years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 HK\$'000	2018 HK\$'000
No later than 1 year	4,907	6,135
Later than 1 year and no later than 5 years	1,046	3,905
	5,953	10,040

32 BUSINESS COMBINATION

On 30 April 2019, Achiever Ventures Limited, a wholly-owned subsidiary of the Company, completed an acquisition of the remaining 70% of equity interest in GMC from Chan Hau Ngai and Richie Chan Chiu Lung for a total consideration of HK\$4,208,000, represented by cash consideration of HK\$1,210,000 and assignment of the shareholder's loan of HK\$2,998,000.

Upon the completion of the acquisition, the Group's effective equity interest in GMC increased from 30% to 100%. As a result, GMC becomes a subsidiary of the Group.

As at 30 April 2019, the carrying amount of the investment in and advance to GMC was HK\$1,054,000. The gain on deemed disposal of an associate of HK\$1,944,000 represents the difference between the carrying amount of the investment in and advance to GMC and the amount being assigned upon acquisition.

At as the acquisition date, the fair value of GMC was estimated by an independent professional qualified valuer to be HK\$4,513,000, which gave rise to a gain of HK\$305,000. The gain was recognised as "gain on bargain purchase from an acquisition of business" under "other gains, net" in the consolidated income statement.

Notes to the Consolidated Financial Statements

32 BUSINESS COMBINATION (CONTINUED)

The purchase consideration, the net assets acquired and gain on bargain purchase are as follows:

	HK\$'000
Consideration satisfied by:	
Cash	1,210
Advance to an associate	2,998
	<u>4,208</u>
Recognised accounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	4,039
Inventories	815
Trade receivables	295
Prepayments, deposits and other receivables	799
Cash and cash equivalents	62
Trade payables	(75)
Other payables and accruals	(1,422)
	<u>4,513</u>
Total identifiable net assets acquired	4,513
Less: Gain on bargain purchase from an acquisition of business	(305)
	<u>4,208</u>
Analysis of cash flows in respect of the acquisition of GMC is as follows:	
Cash consideration	(1,210)
Cash and cash equivalents acquired	62
	<u>(1,148)</u>
Net outflow of cash and cash equivalents included in cash flows used in investing activities	<u>(1,148)</u>

The acquisition-related costs of HK\$30,000 incurred for the acquisition were expensed and included in "other expenses" in the consolidated income statement.

Since the acquisition, GMC contributed HK\$568,000 to the Group's revenue and loss of HK\$773,000 included in the consolidated income statement for the year ended 30 June 2019.

Had the combination taken place at the beginning of the year ended 30 June 2019, the revenue of the Group and the profit of the Group for the year ended 30 June 2019 would have been HK\$84,864,000 and HK\$36,750,000, respectively.

Notes to the Consolidated Financial Statements

33 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 year, 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) Year-end balances

As at 30 June 2019, apart from those balances disclosed in Note 23, the Group also has following deposits placed with related companies:

	2019 HK\$'000	2018 HK\$'000
Rental and management fee deposit to Bamboos Limited	–	234
Rental and management fee deposit to Bamboos Group Limited	1,274	1,274

(b) Transactions with related parties

During the year, the Group had the following significant transactions with its related parties:

	2019 HK\$'000	2018 HK\$'000
Operating lease rental to Bamboos Group Limited	4,800	3,190
Management fee to Bamboos Group Limited	1,116	771
Consulting fee from Garden Medical Centre Limited	–	22

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.

(c) Key management compensation

The emoluments of the key management include two executive directors (2018: same) whose emoluments are disclosed in Note 11(a).

Notes to the Consolidated Financial Statements

34 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations

	2019 HK\$'000	2018 HK\$'000
Cash flow from operating activities		
Profit before income tax	47,118	50,967
Adjustments for:		
– Depreciation	875	523
– Gain on disposals of property, plant and equipment	(115)	–
– Interest income	(1,087)	(367)
– Gain on bargain purchase from acquisition of business (Note 32)	(305)	–
– Gain on deemed disposal of an associate (Note 32)	(1,944)	–
– Share of losses of an associate and a joint venture	2,137	1,273
– Share-based payments to directors and employees	549	–
	47,228	52,396
Changes in working capital:		
– Trade receivables	2,798	(21,731)
– Prepayments, deposits and other receivables	(6,730)	(3,703)
– Balances with related companies	(882)	(10)
– Trade payables, accruals and other payables	(2,040)	3,194
– Inventories	(48)	58
Cash generated from operations	40,326	30,204

(b) In the consolidated statement of cash flow, proceeds from disposals of property, plant and equipment comprise:

	2019 HK\$'000	2018 HK\$'000
Net book amount (Note 16)	90	–
Gain on disposals of property, plant and equipment (Note 8)	115	–
Proceeds from disposals of property, plant and equipment	205	–

Notes to the Consolidated Financial Statements

35 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

	2019 HK\$'000	2018 HK\$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	17,804	17,062
Current assets		
Prepayments and other receivables	165	203
Amounts due from subsidiaries	24,677	17,284
Cash and cash equivalents	38,842	37,072
	63,684	54,559
Total assets	81,488	71,621
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	4,000	4,000
Share premium	39,123	39,123
Reserves	37,277	27,861
	80,400	70,984
Total equity	80,400	70,984
Current liabilities		
Accruals and other payables	308	247
Amounts due to subsidiaries	780	390
	1,088	637
Total liabilities	1,088	637
Total equity and liabilities	81,488	71,621

The balance sheet of the Company was approved by the Board of Directors on 27 September 2019 and was signed on its behalf.

Hai Hiu Chu
Director

Notes to the Consolidated Financial Statements

35 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (CONTINUED)

Note (a) Reserves movements of the Company

	Contributed surplus HK\$'000	Share-based compensation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 July 2017	16,672	–	21,420	38,092
Profit for the year	–	–	9,769	9,769
Dividend (Note 15)	–	–	(20,000)	(20,000)
Balance at 30 June 2018 and 1 July 2018	16,672	–	11,189	27,861
Profit for the year	–	–	18,867	18,867
Employee share scheme (Note 27)	–	549	–	549
Dividend (Note 15)	–	–	(10,000)	(10,000)
Balance at 30 June 2019	16,672	549	20,056	37,277

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 30 June 2019 is as follows:

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued share capital	Interest held	
				2019	2018
<i>Directly held</i>					
Achiever Team Limited	BVI, limited liability company	Investment holding	10 Ordinary shares	100%	100%
Achiever Empire Limited	BVI, limited liability company	Investment holding	1 Ordinary share	100%	100%
Achiever Matrix Limited	BVI, limited liability company	Investment holding	1 Ordinary share	100%	100%
Achiever Ventures	BVI, limited liability company	Investment holding	1 Ordinary share	100%	100%
Achiever Vantage Limited	BVI, limited liability company	Investment holding	1 Ordinary share	100%	100%
Ocean Force Limited	BVI, limited liability company	Investment holding	50,000 Ordinary shares	100%	100%
<i>Indirectly held</i>					
Bamboos Professional Nursing Services Limited	Hong Kong, limited liability company	Healthcare staffing solution services in Hong Kong	100 Ordinary shares	100%	100%
Bamboos Marketing and Consulting Limited	Hong Kong, limited liability company	Marketing and consulting services in Hong Kong	1 Ordinary share	100%	100%
Bamboos FinTech Limited	Hong Kong, limited liability company	Dormant	1 Ordinary share	100%	100%
Garden Medical Centre Limited	Hong Kong, limited liability company	Operation of plastic surgery clinic in Hong Kong	5,000 Ordinary shares	100%	30%

The above table sets out the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group.

Notes to the Consolidated Financial Statements

37 CONTINGENT LIABILITY

A claim was lodged by GMC, a wholly-owned subsidiary of the Group, in June 2019 asserting that the defendant has breached certain clauses in an employment agreement. The defendant has filed a defense and counterclaim in relation to the case for the reliefs to recover the compensation of employee. The matter is currently being considered by the court and the date of hearing has not been scheduled. The Group considers the litigation is on early stage, the evidences are not sufficient for the judgement, therefore no provision is recognised in relation to this claim. The potential undiscounted amount of the counterclaim that the Group could be required to make if there was an adverse decision related to the lawsuit is estimated to be approximately HK\$2,138,000, although the quantum of damages thereunder may be completely set-off by the alleged damage to GMC.

38 OTHER MATTER

As disclosed in the Group's announcements dated 4 February 2019, the Group has discovered and reported to the Board that the operations manager (the "Operations Manager") of a subsidiary of the Company was suspected to have misappropriated certain funds of the Group's subsidiaries of the Company (the "Incident"). The Company has engaged professionals to conduct an investigation into the Incident, and to conduct a review of the Group's internal control procedures and make recommendations to the Board to address and rectify the weaknesses identified.

The professionals have conducted a detailed review of banking records to ascertain the extent of the misappropriation of the Group's funds by the Operations Manager. Based on the assessment conducted by the professionals, the Company believes that an aggregate amount up to HK\$3,081,000 has been misappropriated by the Operations Manager by way of fraudulent auto-pay payment. In the opinion of the directors of the Company, the Incident does not impact on the day-to-day operations of the Group and does not have a material adverse effect on its cash flow, financial position and business operations.

Financial Summary

	For the year ended 30 June				
	2019	2018	2017	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Results					
Revenue	78,464	81,359	62,476	50,966	46,496
Profit for the year attributable to equity holders of the Company	38,920	42,221	32,611	26,842	22,387
Dividend	20,000	10,000	35,000	10,000	8,000
	As at 30 June				
	2019	2018	2017	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities					
Total assets	181,011	152,251	124,731	102,257	88,857
Total liabilities	(31,030)	(31,734)	(26,437)	(21,574)	(25,016)
Total equity	149,981	120,517	98,294	80,683	63,841

Note:

The summary above does not form part of the audited consolidated financial statements.



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