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BAMBOOS HEALTH CARE HOLDINGS (HONG KONG) LTD.:

BUSINESS MODEL AND EXPANSION

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How could a listed company with business in Hong Kong enter the much larger mainland China health care market? In early 2018, this was the key question for Winsome Hai, the founder and chief executive officer of Bamboos Health Care Holdings (Hong Kong) Ltd. (Bamboos), a company listed on the Hong Kong Stock Exchange that offers health care staffing services. After 12 years in operation, Hai had followed one consistent business model but wondered if this was the right time for a change. Could she continue following the business model she had used from the start? Or would she need a new business model to enter the mainland China market? If so, in what ways should it change? And was it even feasible for a listed company to change its business model?

Hai was already facing several challenges. Direct engagement by health care professionals might dis-intermediate Bamboos from its clients. Scaling up the company was proving difficult with customer service being handled manually, mainly over telephone and fax. Hai also had to be sure that the Bamboos business model would continue to be sustainable in Hong Kong. These were key challenges for Hai as she worked on developing new strategies for 2018 and beyond.

COMPANY BACKGROUND

It all started with a simple idea in 2005. Hai believed that the aging population would spur demand for high-quality health care services by medical professionals in Hong Kong. She also believed that she could start a company with minimal capital and provide superior services to her customers. To seize this opportunity, she decided to start her entrepreneurial journey by setting up her own agency to provide health care staffing solutions. She began by enrolling her friends in the nursing field to join her platform, which supplied medical professionals with comprehensive premium services. With constraints in her available resources, she had to rely on outdated tools such as a telephone, a fax machine, and a used computer to start her venture. However, the tools proved sufficient to build a start-up platform to match demand from hospitals and patients with supply of medical professionals such as nurses and doctors—all with the goal of providing high-quality health care services.

Jacky Kwan joined the company as a consultant in 2008. The next year, he was invited to become the chairman of the board, when the company was restructured in 2009, and he was granted a 10 per cent share of the company. Kwan was in charge of compliance and promotion; Hai was responsible for the operation, sales, and marketing of the company. In 2014, the company was listed publicly on the Growth Enterprise Market (GEM)[[1]](#endnote-1) board of the Hong Kong Stock Exchange. Three years later, in March 2017, the company was transferred from the GEM board to the main board of the Hong Kong Stock Exchange. During that time, the company’s revenue had grown 2.1 times, while net profit had expanded by 2.5 times. For fiscal year ending June 30, 2017, Bamboos revenue was HK$62.5 million[[2]](#endnote-2) with a net profit of $32.6 million, and Bamboos had developed its company vision, core values, company structure, and shareholdings (see Exhibit 1).

On December 15, 2017, the company announced that it had embarked on a joint venture in Singapore with a local partner. When asked about her interest in expansion, either into other regions or globally, and what challenges she expected, Hai made the following comments:

We were exploring the markets in North America, Southeast Asia, and China. However, cultural differences and various other factors, such as numerous metropolitan areas in a given country, could be very challenging. We needed to fine tune our business model to fit business environments in different regions. Due to diverged cultures and policies, we were at the stage of understanding these regions and building rapport and connections with them. I believed co-operation with local institutions could help expand our business in these regions. Our Singaporean joint venture could become our standard expansion model . . . by setting up a joint venture with a reputable local partner with expertise in the field.

Bamboos had 12 years of success in the industry. However, Hai believed that when Bamboos attempted to capture much larger aging populations in other markets, it would have to re-evaluate the effectiveness of its original business model.

FROM IDEA TO start-up

Hai made her debut in the medical field in 1993 as an enrolled nurse. She also worked at various pharmaceutical and medical-device companies, where she was responsible for sales and marketing. She held various degrees, including a bachelor of pharmacy in Chinese medicine from the University of Hong Kong in 2008, an executive master of business administration from the Chinese University of Hong Kong in 2010, and a master of science in Chinese Medicine from the University of Hong Kong in 2012. Kwan was an experienced executive. From February 1995 to December 2007, he had worked in various Hong Kong government departments. In 2008, three years after Hai founded the business, she attended an executive master of business administration (EMBA) program at the Chinese University of Hong Kong to equip herself with the skills she required to expand her business. Immediately after her graduation from the EMBA program in 2010, she started preparing her company to enter the capital market. In 2014, she listed the company on a major global stock exchange. Hai reflected on the success:

I had to be very hands-on, from cold-calling of potential customers to recruiting medical professionals (i.e., nurses), from taking orders to issuing invoices. After only six months into the business, the revenue was sufficient to cover the cost of hiring a clerk to share some of my workload. . . . I reckoned that there would be a huge demand in high-quality health care services and we caught the trend by fulfilling the demand of providing timely, reliable, customized, and strategic health care staffing solutions to both institutional organizations and private clients. We targeted middle-class families that could afford up to $100,000 (US$12,820) in monthly service fees. It proved that premium services demand was inelastic.

In regard to attracting new clients, Hai noted the importance of capturing market demand, targeting the right customer segments, and implementing adequate pricing strategy; however, quality was the key factor:

We spent a lot of time introducing our services into the medical field because our company was not known in the beginning. We even tried to promote via faxes and flyers in order to get a breakthrough. However, the prevailing culture in the medical field was demand for quality; therefore, comprehensive and high quality service was the most powerful marketing tool to build up a brand such as ours. . . . The most critical element was quality; that was what we focused on. We put ourselves in our clients’ shoes to understand what kind of medical, professional qualifications (i.e., private nurses) were needed and what quality of services must be achieved. For medical professionals to become one of our service providers, or for the potential client to become one of the customers, we had an extensive registration and interview processes to ensure expectations were set between clients and medical professionals when rendering services.

The training for attentive and caring staff members was obviously very important in terms of providing high-quality services:

Staff [members] bridged clients and medical professionals. Our staff was trained to be detail oriented, customer caring, medically knowledgeable, and counselling experienced. There were crucial requirements to resolve conflicts from potential miscommunications. Therefore, our staff [members had to] be qualified to carry out their roles effectively and efficiently.

As of December 2017, the administrative team of Bamboos consisted of over 40 staff members, including 15 customer service representatives, 10 marketing professionals, four graphic designers, eight accountants, and five registration and documentation employees. Hai described how staff members worked to acquire new clients and serve Bamboos customers:

[Our staff worked] mainly through phone calls and [used] the WhatsApp mobile phone [application]. Customer service staff [members] were well trained and were required to have (1) a good manner to listen [to clients] and answer . . . patiently, (2) basic medical knowledge, (3) knowledge of our services, and (4) skills on mediating disputes between clients and medical professionals. Newly recruited customer service staff [members] were required to pass a one-on-one training [session] before they took up their roles. They were also required to attend continuous on-the-job training, in line with the fast-changing market.

opportunity, industry, and competition in hong kong

According to the Hong Kong Census and Statics Department, the number of elderly people aged 65 and over was projected to more than double by 2036. Excluding foreign domestic helpers, the number of elderly people would increase by over 1 million, from 1.16 million (16.6 per cent of the total population) in 2016 to 2.37 million (31.1 per cent of the population) in 2036. By 2066, the number of elderly people was projected to reach 2.59 million (36.6 per cent of the total population).[[3]](#endnote-3)

In 2017, Hong Kong had the highest life expectancy in the world, surpassing Japan for the second consecutive year.[[4]](#endnote-4) However, the remarkable improvements in life expectancy over the previous decades did not necessarily result in improved quality of life. Hong Kong’s General Household Survey revealed that 1,375,200 people (19.2 per cent of Hong Kong’s total population, up from 16.7 per cent in 2007) relied on long-term medical treatment (lasting more than six months), consultation, or medication for more than one type of chronic disease.[[5]](#endnote-5) The three most common chronic diseases were hypertension, diabetes mellitus, and heart disease.

The rapid growth of the aging population posed a tremendous challenge for the health care industry with respect to labour. For public and private hospitals, government reports warned that the shortage of doctors was expected to increase to 500 by 2020 and 1,007 by 2030.[[6]](#endnote-6) There would also be a shortfall of 1,669 general nurses in 13 years’ time, which amounted to 3.3 per cent of the profession, rising from the 2016 shortfall level of 1,485, if the city was to maintain its level of service.[[7]](#endnote-7) Only between two and seven young doctors joined the specialty of geriatrics each year, and only 164 doctors in Hong Kong held the specialist title of geriatrician. The Hong Kong Hospital Authority had to rehire retired specialists to help public hospitals meet the growing demand for care.[[8]](#endnote-8) Hong Kong’s Secretary for Labour and Welfare, Dr. Law Chi-kwong, projected that Hong Kong would need 600,000 domestic helpers with sufficient training within the next 30 years.[[9]](#endnote-9)

Regarding future opportunities, Bamboos believed that there would be a greater demand for multiple elderly services such as personal care, rehabilitation, and home care services. Demand for institutional group staffing-solutions services depended on the continued shortage of professional health care personnel in hospitals, social service organizations, and other institutions. On such ground, the professional health care personnel staffing business should continue to grow.[[10]](#endnote-10) Regarding competition, although there were several major companies in the industry, Bamboos was the market leader and was thus capable of setting market standards in terms of services and pricing.[[11]](#endnote-11)

BUSINESS MODEL—HONG KONG

Bamboos was an investment holding company that mainly provided customized health care professional staffing services on a temporary basis. Its services, which were aimed at individuals and institutional clients, were delivered in a timely manner. In addition, it provided opportunities to self-employed health care professionals that were registered with the group (see Exhibit 2).[[12]](#endnote-12) The nine building blocks of the company’s business-model canvas were based on the framework developed by Alexander Osterwalder.[[13]](#endnote-13) Of the nine building blocks in the Bamboos business-model canvas, the three key blocks were value proposition, customer relationships, and customer segments (see Exhibit 3).

Value Proposition

Bamboos aimed to provide quality medical services to patients on a timely basis, whether they were private individual customers or institutional customers. Individual customers needed on-site medical services, such as private nurses to take care of patients while doctors provided regular examinations. For institutional customers, Bamboos offered customized strategic staffing solutions to solve the problem of labour shortage. Bamboo’s minimum viable product was a reliable matching platform that met demands from patients or their relatives with the supply of services from health care professionals.

Customer Relationships

According to Hai, the first batch of customers came from referrals by friends of the founders and through promotional flyers and faxed materials to hospitals and other medical institutions. It retained customers with high-quality and efficient professional services. Bamboos’ customer base was expected to grow, in part by referrals from existing clients, who recommended the high quality of services the company provided.

Trust from customers was earned from clients who believed in the professional personnel screening system that Bamboos used. They felt confident that the matching system could help them find reliable and professional staff members. This type of customer-relationship service fulfilled the company’s core customer values of professionalism and trust. The three main channels that helped Bamboos maintain its customer relationships were (1) a customer-service hotline, (2) a complaint-handling system (i.e., a customer relationship management system), and (3) a quality-assurance management system.

Customer Segments

Bamboos had two primary customer groups: individuals and medical institutions. For its individual clients, the company targeted middle-class and wealthy families who could afford health care services that were priced at a cost of up to $100,000 per month.[[14]](#endnote-14) According to Hai, Bamboos could provide customized, private on-site medical services, helping to save patients time, and offer prompt and flexible services for clients who pursued a good quality of life. She felt that such types of service would be difficult for hospitals or regular clinics to provide in the foreseeable future.

Health care organizations, such as hospitals under the Hong Kong Hospital Authority, private hospitals, nursing homes, and clinics, faced a severe challenge of shortage of professional staff, especially during flu seasons or periods with breakouts of infectious diseases. During such times, Bamboos could provide customized staffing solutions with dedicated health care professionals to offer a helping hand to patients.

For the fiscal year ending June 30, 2017, the company’s total revenue reached $62.5 million, which was an increase of 22.5 per cent over the previous year. Of that amount, 95 per cent (or $59.6 million) was generated by staffing services.[[15]](#endnote-15) Revenue from institutional staffing amounted to approximately $22.2 million, for an increase of 16.2 per cent over the previous year, whereas revenue from private nursing staffing was approximately $37.4 million, for an increase of 20.3 per cent over the previous year. The 2017 Bamboos annual report provided more specific details:

The revenue from the provision of health care professional staffing solution services as a percentage of gross fee was determined with reference to the markup ratio between the charge-out rate to Bamboos’ clients, the payout rate to different ranks of health care professional personnel placed by Bamboos, and the number of service hours performed by respective ranks of health care professional personnel.[[16]](#endnote-16) The revenue from the provision of health care professional staffing solution services as a percentage of the gross fee was 25.2 per cent for the year ending on June 30, 2017. There were approximately 17,700 health care professionals registered with Bamboos as of June 30, 2017, a 7.9 per cent increase from the previous year.[[17]](#endnote-17)

Bamboos provided staffing services on two fronts: to clients on the demand front and to health care professionals on the supply front. Clients included private individuals, social service organizations, hospitals, clinics, and pharmaceutical companies. Health care professionals, who registered with Bamboos before placement, included registered nurses, enrolled nurses, health care assistants, health workers, personal-care workers, physiotherapists, occupational therapists, midwives, medical practitioners, Chinese medicine practitioners, and workmen.[[18]](#endnote-18) Hai created a network of peers to generate values by selling services, building relationships, and co-creating innovations, which was the business model used by major global companies referred to as network orchestrators,[[19]](#endnote-19) such as eBay Inc., Uber Technologies Inc., and Alibaba Group Holding Limited.

CHALLENGES AND EXPANSION

After 12 years in operation, following a consistent business model, Hai made the decision to transfer the listed company to the main board on the Hong Kong Stock Exchange, as she explained:

I was fortunate to have obtained my first few clients from friends, when I started the business. There were more and more referrals, ever since the market recognized our premium high-quality services. By December 2017, we had over 18,000 health care professional personnel, with two-thirds of them being full-time in different market sectors. In addition, to generate economies of scale, we could also provide solutions to different customers within 24 hours. Furthermore, we enjoyed the challenge of acting directly between our clients and health care professionals, in the sense that there were others trying to mimic our business model, but that [was] because we had built a reputation of trust and established a well-known brand in the market. We were then confident we would remain to be the leader in this market, so long as we continued to enhance and expand our services.

The sustainability of Bamboos’ business model and financial performance could be affected by direct employment between health care professionals and prospective clients. Therefore, Bamboos asked all registered health care professionals to sign an agreement that included the clause “He/she shall not be employed by our client to whom he/she had been placed previously without our consent, or we shall be entitled to demand compensation.” If Bamboos became aware that any of its registered professionals were engaged through direct employment, the company could enforce its rights to compensation under the terms of the agreement signed by the health care professionals.[[20]](#endnote-20)

Despite the agreement, however, direct employment of registered professionals still occurred. Between 2013 and 2017, Bamboos filed over 100 claims with the Hong Kong Small Claims Tribunal against employers dealing with Bamboos clients for the provision of health care or similar services without the consent of Bamboos. The majority of claims against Bamboos clients or health care professionals were settled in court.[[21]](#endnote-21)

When asked what threats to the Bamboos business Hai was concerned about, she responded as follows:

The greatest threat could be the maintenance of our high satisfactory service level to our customers, as our core value was to provide the best services to our customers. We strived to maintain our core value and at the same time to provide the best working environment to our medical professional service providers and to protect their rights. Artificial intelligence [AI] could be a threat, but could also be an opportunity for Bamboos. With the advance of technologies, AI could augment and/or enhance some of the medical staff in the future, because AI potentially could perform better and faster than humans in certain things. We might invest in different start-ups to capture this opportunity. Front-line health care services could be replaced by robots relatively easily, but humans [are] still needed to supervise the operations of AI and communicate with clients.

Among the global aging population, China had the most significant portion. In 2016, for example, 203 million Chinese people, or 16.7 per cent of the population, were over 60 years old.[[22]](#endnote-22) Since 2000, the country’s elderly population had increased by approximately 10 million people each year. By the end of 2035, the elderly population was expected to reach approximately 400 million, making China what was referred to as a “super aging society.”[[23]](#endnote-23) Increasing longevity and changing lifestyles contributed to rising chronic health conditions.

The aging population created a high demand for eldercare services. The Chinese government added policies in its 13th five-year plan to improve care for senior citizens, including opening up the market and encouraging private and overseas investment. According to a PricewaterhouseCoopers report, Chinese people were expected to spend over ¥10 trillion[[24]](#endnote-24) (US$1.54 trillion) from 2016 to 2020 on care for seniors, increasing at a rate of 1 per cent per year.[[25]](#endnote-25) A KPMG report also found that the primary care service market was expected to grow from £42.6 billion[[26]](#endnote-26) in 2014 to £98.51 billion by 2020.[[27]](#endnote-27)

The inadequate supply of services and health care professionals was a key challenge for eldercare and health care markets in China. The gap between demand and supply of eldercare workers by 2020 was projected to be over 6 million. China was facing a shortage of at least 161,000 general practitioners and 40,000 psychiatrists.[[28]](#endnote-28) Only 2.05 nurses per 1,000 people were available in 2013, which was lower than the world average of 2.86, although this figure increased slightly in 2016 (see Exhibit 4).[[29]](#endnote-29) In addition to a shortage of workers, China’s eldercare and primary care market was also characterized by regulatory challenges, business culture issues, and partnership difficulties. A new company entering this market would have to carefully consider these challenges and compete against established market leaders, such as the successful health care company Santi Group, for example (see Exhibit 5).

BUSINESS MODEL FOR 2018 AND BEYOND

Hai summarized her company’s current situation as follows:

Our business model was simple and remained the same since we started our business; our core value was the quality of service that we provide to our clients. We continued to explore opportunities in other regions, and we needed more time to decide where to expand due to different cultural, operational, and statutory requirements.

Hai was struggling with several important questions. Was the Bamboos business model sustainable for the current market in Hong Kong? Was it good enough to enter mainland China? If not, what changes would be required? Hai also wondered what the critical lesson would be to learn for an entrepreneur starting a new business in this industry.

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Exhibit 1: Bamboos vision, core values, company structure, and shareholdings

Hai

Kwan

Gold Empress Limited

(BVI)

Gold Beyond Limited

(BVI)

Public

Bamboos Group

Achiever Team Limited

Bamboos Professional Nursing Services Limited (Hong Kong)

100%

100%

67.5%

7.5%

25.0%

100%

100%

**Vision and Mission Statements**

(1) To become a premier leader recognized for the provision of professional private-nursing staffing services as well as strategic institutional health care staffing-solutions services.

(2) To improve the community well-being by easing the pressure from two critical social problems (i.e., shortage of health care personnel and insufficient eldercare services) in view of the aging population in Hong Kong.

**Core Value: The 3 Cs**

**Care:** We care about each person in our community with compassion, understanding, and deep respect. We also seek to build a professional team with a positive contribution to society, on which our business and future success will depend.

**Competence**: We uphold professional integrity and insist on high standards of services.

**Commitment**: We genuinely care about our clients. We are committed to our standards of service excellence ,and we are dedicated to exceeding the expectations of those we serve.

**Bamboos Group Shareholding Structure**

Note: BVI = British Virgin Islands; Gold Empress Limited is a company incorporated in the BVI with limited liability and is wholly owned by Winsome Hai; Gold Beyond Limited is a company incorporated in the BVI with limited liability and is wholly owned by Jacky Kwan; Achiever Team Limited is a company incorporated on October 16, 2012, under the laws of the BVI with limited liability and is wholly owned by Bamboos Health Care Holdings Limited.

Source: Company documents.

Exhibit 2: Bamboos Business Model

Bamboos

Clients

Health Care Professionals

(1) Provision of health care staffing-solutions services

(2) Referral of health care duty opportunities

(3) Performance of health care duties

(4) Gross fee (calculated at charge-out rate)

(5) Cost to health care personnel (calculated at pay-out rate)

Service flow

Fund flow

Note: Clients include private individuals, social organizations, hospitals, clinics, and pharmaceutical companies; Health care professionals (who are registered with and placed by Bamboos) include registered nurses, enrolled nurses, health care assistants, health workers, personal care workers, China-trained nurses, physiotherapists, occupational therapists, midwives, medical practitioners, Chinese medicine practitioners, and workmen.

Source: Company documents.

Exhibit 3: Bamboos business-model Canvas

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Key Partners** | **Key Activities** | **Value Propositions** | **Customer Relationships** | **Customer Segments** |
| * Nurses * Caregivers * Physicians | * 24-hour nursing solution * Home care solution * Professional case-assessment service | A trusted platform for matching demand (patients or their relatives) and supply (nurses and caregivers) | * Customer-service hotline * Complaint-handling system * Quality management system | * Business-to-consumers (individuals): 50 per cent of revenue * Upper-middle-class clients * Business-to-consumers (organizations): 50 per cent of revenue * Public hospitals * Private hospitals * Elderly care centres * Clinics * Medical institutions |
| **Key Resources** | | **Channels** | |
| * A health care platform with over 18,000 qualified health care personnel * A quality information technology system * BamBoOs! Life | | Demand side   * Word-of-mouth referral from individual customers * Bamboo magazine distribution in retail and health care outlets * Mass media outdoor advertising   Supply side   * Personal network of nurses from the founder * Word-of-mouth referral from nurses and caregivers. * Leaflet distribution in hospitals | |
| **Cost Structure** | | **Revenue Streams** | | |
| * Rent and fixed overhead costs * Employee salary and benefits * Operating expenses | | * Commission from the provision of health care staffing-solutions services * Revenue from the provision of services related to outreach-care assessment * Other income (e.g., activity income, advertising income, sale of goods) * Different pricing methods (based on the rank of the health care professionals and the average level of gross fee set by the Health Authority (HA) and the market. HA is a government organization that runs public hospitals and clinics in Hong Kong. | | |

Source: Company documents.

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| Exhibit 4: Health care Professionals and Facilities in China, 2016 | | | | | | |
| **Region** | **General Practitioners** | **General Practitioners per 10,000 People** | **Registered Nurses** | **Registered Nurses per 1,000 People** | **Health Care Facilities (e.g., Nursing Homes)** | **Certified Care Workers (Working in Nursing Homes or Other Health Care Facilities)** |
| **Mainland China** | 188,649 | 1.37 | 2,407,632 | 2.4 | 27,752 | 24,086 |
| Beijing | 4,344 | 3.81 | 76,227 | 4.4 | 597 | 238 |
| Tianjin | 661 | 1.39 | 28,250 | 2.2 | 275 | 144 |
| Hebei | 2,158 | 1.25 | 106,282 | 1.8 | 1,051 | 634 |
| Shanxi | 1,460 | 1.10 | 64,863 | 2.3 | 712 | 988 |
| Neimenggu | 1,084 | 1.23 | 47,080 | 2.4 | 674 | 379 |
| Liaoning | 1,039 | 0.83 | 88,580 | 2.5 | 1,487 | 346 |
| Jilin | 933 | 1.05 | 45,442 | 2.2 | 681 | 187 |
| Heilongjiang | 1,266 | 1.13 | 65,138 | 2.1 | 779 | 463 |
| Shanghai | 5,071 | 3.04 | 57,911 | 3.1 | 630 | 8 |
| Jiangxu | 7,986 | 2.61 | 153,566 | 2.6 | 2,329 | 98 |
| Zhejiang | 8,134 | 3.90 | 119,938 | 2.9 | 1,269 | 53 |
| Anhui | 2,955 | 1.20 | 92,664 | 1.9 | 1,076 | 182 |
| Fujian | 1,470 | 1.33 | 64,349 | 2.4 | 355 | 951 |
| Jiangxi | 1,147 | 0.73 | 62,764 | 2.0 | 1,537 | 69 |
| Shandong | 2,836 | 1.01 | 183,621 | 2.6 | 1,944 | 1,090 |
| Henan | 3,247 | 1.09 | 154,631 | 2.2 | 1,075 | 3,077 |
| Hubei | 2,254 | 1.19 | 113,855 | 2.8 | 1,658 | 360 |
| Hunan | 2,517 | 0.90 | 109,558 | 2.2 | 1,751 | 124 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Guangdong | 7,439 | 1.38 | 177,794 | 2.3 | 1,424 | 4,661 |
| Guangxi | 1,339 | 0.97 | 73,030 | 2.4 | 476 | 1,260 |
| Hainan | 403 | 0.96 | 16,566 | 2.7 | 83 | 189 |
| Chongqing | 773 | 0.95 | 52,057 | 2.3 | 615 | 17 |
| Sichuan | 2,169 | 1.27 | 141,171 | 2.3 | 2,547 | 3,668 |
| Guizhou | 1,403 | 0.89 | 57,398 | 2.2 | 804 | 294 |
| Yunnan | 775 | 0.90 | 70,789 | 2.0 | 398 | 147 |
| Tibet | 114 | 0.50 | 2,440 | 1.0 | 81 | 128 |
| Shaanxi | 599 | 0.56 | 80,379 | 2.8 | 575 | 73 |
| Gansu | 1,064 | 1.27 | 30,212 | 1.8 | 348 | 201 |
| Qinghai | 263 | 1.63 | 10,510 | 2.2 | 35 | 254 |
| Ningxia | 196 | 0.85 | 12,814 | 2.4 | 98 | 503 |
| Xinjiang | 1,265 | 1.57 | 47,753 | 2.7 | 388 | 360 |
| **Hong Kong** | 14,013 | 1.90 | 52,389 | 7.1 | 929 | 9,400 |

Exhibit 4: continued

Note: Data for Mainland China excludes Hong Kong, Macau, and Taiwan; “Care workers in Hong Kong generally perform basic daily care, such as feeding, bathing, diaper handling, lifting, and simple exercising.”

Source: National Health and Family Planning Commission of the People's Republic of China, “China Health and Family Planning Statistical Yearbook, 2016 (in Chinese),” accessed December 27, 2017, http://tongji.cnki.net/kns55/navi/YearBook.aspx?id=N2017010032&floor=; Ministry of Civil Affairs of the People's Republic of China, “China Civil Affairs Statistical Yearbook—Statistics of China Social Services, 2016 (in Chinese),” accessed December 27, 2017, http://navi.cnki.net/knavi/YearbookDetail?pcode=CYFD&pykm=YZGMZ; Department of Health (Hong Kong), “Health Facts of Hong Kong, 2018 Edition,” accessed January 21, 2018, www.dh.gov.hk/english/statistics/statistics\_hs/files/Health\_Statistics\_pamphlet\_E.pdf; “Overview of Residential Care Services for the Elderly,” Social Welfare Department: The Government of the Hong Kong Special Administrative Region, accessed January 21, 2018, https://www.swd.gov.hk/en/index/site\_pubsvc/page\_elderly/sub\_residentia/id\_overviewon/; Bamboos Health Care Holdings (Hong Kong) Ltd., “Transfer of the Listing from the Growth Enterprise Market to the Main Board of the Stock Exchange of Hong Kong Limited,” 52, accessed Jan 22, 2018, www.bamboos.com.hk/doc/en\_announcements\_2014/gln20140630007.pdf.

Exhibit 5: Santi group

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| --- |
| Santi Group was founded in 1992 by Tao Xiaoying, the company’s chair of the board of directors. When she was in her early twenties, she was chair of a government organization for cultural development at Hangzhou. After she left that position, Xiaoying entered the household-services industry by starting Santi Group and offered jobs to many workers who had been laid off from their positions in the health care industry. After over 20 years in business, Santi Group employed more than 15,000 workers, with operations in more than 20 cities across China, including Beijing, Zhejiang, and Hunan.  During this period, Santi Group transformed from relying on customer-service representatives to take orders via phones to users placing orders themselves via an online application. Clearly segmented and outlined service content and customer needs allowed users to easily browse and select the services they required. Santi Group’s system would then automatically match users with suitable service providers.  The wide range of services offered by the company included housecleaning, maintenance, moving, maternal and child care, eldercare, and patient care. |

Source: “Our Development History in (Chinese),” Santi Group, accessed July 25, 2018, [www.3tgroup.cn](http://www.3tgroup.cn).

ENDNOTES

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