

ZEBRA STRATEGIC HOLDINGS LIMITED 施伯樂策略控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8260

HR Solutions

PLACING

Sponsor



大有融資有限公司
MESSIS CAPITAL LIMITED

Joint Bookrunners



天行聯合證券有限公司
United Simsen Securities Limited



Astrum Capital Management Limited
阿仕特朗資本管理有限公司

IMPORTANT

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

ZEBRA STRATEGIC HOLDINGS LIMITED 施伯樂策略控股有限公司

(Incorporated in the Cayman Islands with limited liability)

PLACING

**Number of Placing Shares : 100,000,000 Shares comprising
75,000,000 New Shares and
25,000,000 Sale Shares**

**Placing Price : HK\$0.41 per Share (payable in full on
application, plus brokerage fee of
1%, SFC transaction levy of 0.003%
and Stock Exchange trading fee of
0.005%)**

Nominal value : HK\$0.01 each

Stock code : 8260

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VI to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

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

Prospective investors of the Placing Shares should note that the obligations of the Underwriters under the Underwriting Agreement are subject to termination by the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor) upon the occurrence of any of the events set forth under the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus.

28 March 2013

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

2013
(Note 1)

Announcement of the level of indication of interest in the Placing to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at <u>www.zebra.com.hk</u>	9 April
Allotment of the Placing Shares on or before	9 April
Deposit of share certificates for the Placing Shares into CCASS on or before (Note 2)	9 April
Dealings in the Shares on GEM to commence at 9:00 a.m. on	10 April

Notes:

1. All times and dates refer to Hong Kong times and dates, except as otherwise stated.
2. The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on or before 9 April 2013 for credit to the relevant CCASS Participants' or CCASS Investor Participants' stock accounts designated by the Joint Bookrunners, the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued.
3. For details of the structure of the Placing, including the conditions thereof, please refer to the section headed "Structure and conditions of the Placing" in this prospectus.
4. If there is any change to the above expected timetable, a separate announcement will be made by our Company (for itself and on behalf of the Vendor).

Share certificates will only become valid certificates of title provided that, no later than 8:00 a.m. on the Listing Date, the Placing has become unconditional and the Underwriting Agreement has not been terminated in accordance with its terms and conditions. If the Underwriting Agreement does not become unconditional or is terminated in accordance with its terms and conditions, our Company will make an announcement as soon as possible.

No dealing in the Placing Shares should take place prior to the Listing Date. Investors who trade the Placing Shares on the basis of publicly available allocation details prior to the receipt of the share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sponsor, the Joint Bookrunners and the Underwriters have not authorised any persons to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Bookrunners, the Underwriters, any of their respective directors or affiliates of any of them, or any other persons or parties involved in the Placing. The contents on our Company's website at www.zebra.com.hk do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Placing Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Placing Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Placing Shares.

BUSINESS OVERVIEW

We are a Hong Kong-based human resources services provider and are principally engaged in the provision of staff outsourcing services. We are also engaged in the provision of executive/staff search services and other human resources support services including sale of eHRIS software, payroll outsourcing services and human resources advisory and administration services.

We have been in the human resources outsourcing services market in Hong Kong for around 10 years. We had approximately 40 clients during the year ended 31 March 2012 and most of our revenue was contributed by our clients in the banking, telecommunications and insurance industries. We target corporations of different sizes ranging from SMEs to multinational corporations.

Reliance on major clients

The revenue from our Group’s top five clients accounted for approximately 96.1%, 93.3% and 92.0% of our total revenue for the two years ended 31 March 2012 and for the six months ended 30 September 2012 respectively. Our top five clients operate in the banking, telecommunications and insurance industries. The following table summarises the revenue contributed by our top five clients during the Track Record Period:

	For the year ended 31 March		For the six months ended 30 September					
	2011	2012	2011	2012				
	Approximate % to our revenue	Approximate % to our revenue	Approximate % to our revenue	Approximate % to our revenue				
	HK\$	HK\$	HK\$	HK\$				
	(unaudited)							
Client A	75,066,704	49.7	106,659,564	64.5	49,985,034	60.1	60,291,048	66.9
Client B	50,679,118	33.6	32,728,105	19.8	20,960,701	25.2	13,904,883	15.4
Client C	5,395,514	3.6	8,203,646	5.0	3,892,320	4.7	5,539,939	6.1
Client D	10,601,982	7.0	3,663,972	2.2	1,891,717	2.3	2,125,237	2.4
Client E	N/A	N/A	2,892,690	1.8	1,707,690	2.1	N/A	N/A
Client F	3,253,269	2.2	N/A	N/A	N/A	N/A	1,112,700	1.2

SUMMARY

Client A is the consumer banking subsidiary of a globally diversified financial services group headquartered in the US while Client B is the Hong Kong banking subsidiary of a leading financial services group listed and headquartered in Singapore, with over 200 branches across 15 markets in Asia. Client A used our staff outsourcing services and executive/staff search services for each of the two years ended 31 March 2012 and the six months ended 30 September 2012 while Client B used our staff outsourcing services and our executive/staff search services for each of the two years ended 31 March 2012 but only use our staff outsourcing services for the six months ended 30 September 2012.

Our Directors consider that the reliance between our Top Clients and us is mutual in that by engaging our Group to provide the staff outsourcing services, our Top Clients would achieve cost saving as well as better human resources management through reduction in the number of human resources staff and related staff expenses, streamlining their human resources functions such as recruitment and payroll, lessening their administrative burdens associated with employment management and hence improve their profit margins.

In December 2012, Client A's Parent announced its plans to layoff around 11,000 employees of its worldwide workforce as part of its global business strategy to trim costs and enhance profitability. There were also plans by Client A's Parent to consolidate and close 84 branches in the US and various other countries, including seven branches in Hong Kong. Since our outsourcing staff are not the employees of Client A, our Directors consider that the layoff plan of Client A's Parent would not have any immediate and direct impact on our Group's outsourcing business with Client A. Our Directors anticipate the planned closure of the Client A's Affected Hong Kong Branches may lead to Client A readjusting its staffing level in different operational areas and consequently, its demand for our staff outsourcing services. It is currently difficult for our Directors to estimate the extent of the impact on our operating performance and financial results arising from the planned closure of the Client A's Affected Hong Kong Branches given that the expected timetable for implementation of such plan, the identity of the Client A's Affected Hong Kong Branches and the number of our outsourcing staff seconded to these branches are not known to us. However, should a sizeable number of our outsourcing staff be no longer required by Client A as a result of the planned closure of the Client A's Affected Hong Kong Branches, our operating performance and financial results may be adversely affected.

Staff outsourcing services

We provide staff outsourcing services to help our clients match their staffing levels to business demands in a timely and cost effective manner. We would source and employ suitable candidates that match the job descriptions specified by our clients and then second them to our clients. During the employment of our outsourcing staff, we as their employer will handle administrative works in relation to their employment such as preparing employment contracts, payroll calculation and processing, administering employee's benefits, providing them with compulsory employee compensation insurance and preparing and filing relevant tax returns to the IRD.

SUMMARY

As at the Latest Practicable Date, we had seven clients using our staff outsourcing services, of which three were in the banking industry, one in the insurance industry, one in the telecommunications industry and two in the IT industry. As at the Latest Practicable Date, we had seconded 654 outsourcing staff to our clients, of which 532 outsourcing staff worked in the banking industry, 78 outsourcing staff worked in the telecommunications industry, 41 outsourcing staff worked in the insurance industry and 3 outsourcing staff worked in the IT industry. The entry barrier of the human resources industry is considered by our Directors to be low given that most of our outsourcing staff do not possess the relevant industrial experience and over half of them are seconded to provide sales services to our clients that do not require any professional qualification. As at the end of each of the Track Record Period, the nature of services provided by our outsourcing staff can be classified into 5 categories, of which 385, 333 and 357 of our outsourcing staff provided sales services, 6, 5 and 9 of our outsourcing staff provided contact services, 67, 81 and 70 of our outsourcing staff provided general marketing support services, 5, 20 and 19 of our outsourcing staff provided IT services, 176, 167 and 185 of our outsourcing staff provide general operations support and 6, 5 and 3 of our outsourcing staff provided business management services.

Since our outsourcing staff on secondment to Top Clients are on our Group's payroll, we have to first pay salaries and other employee benefits of our outsourcing staff seconded to our Top Clients not later than seven days after the end of the wage period and subsequently obtain the reimbursement from our Top Clients with a credit period of 30 days. Any cash flow mismatch between our outsourcing staff salary payment and the reimbursement from our Top Clients or any default on or delay in payment by our clients could adversely affect our Group's financial position and operating cash flow. Please refer to the paragraph headed "We rely on our major clients, in particular, Client A. Any change or deterioration in our relationship with our major clients or any change in business strategies of our major clients may cause a significant adverse effect to our Group's business, financial condition and results of operations" in the section headed "Risk factors" in this prospectus for further details.

Executive/staff search services

We provide executive/staff search services to employers seeking appropriate executives and staff to fulfill their needs. We have maintained a database of personnel to match the needs of our clients and we may also post advertisements on recruitment websites to recruit potential candidates. Our clients using our executive/staff search services are mainly in the banking industry.

Other human resources support services

In addition to staff outsourcing services and executive/staff search services, we provide other human resources support services including: (i) sales of eHRIS software; (ii) payroll outsourcing services; and (iii) human resources advisory and administration services. Please refer to the section headed "Business" in this prospectus for further information about these services.

SUMMARY

PRICING OF OUR SERVICES

The pricing of our different services depends on various factors such as the organisational size, job nature and other specifications of our clients, the allocation of our time and manpower to provide the required services as well as the length of our business relationship with our clients. During the Track Record Period, our clients were mainly located in Hong Kong. Most of our services are charged in Hong Kong dollars whilst the rest are charged in US dollars. Our service fees are normally settled by cheque and/or bank transfer. For details of the pricing of each of our services including the pricing bases and payment terms of our different services, please refer to the paragraph headed “Pricing of our services” in the section headed “Business” in this prospectus.

A WINDING-UP PETITION AGAINST A COMPANY IN WHICH MR. CHANG IS ONE OF THE DIRECTORS

Mr. Chang has disclosed that a winding-up petition was filed against Grand International as one of the respondents on 14 November 2011 in which the petitioner, being a company wholly and beneficially owned by Mr. Chang’s aunt (being a director and a shareholder holding 10% of the issued share capital of Grand International), was seeking the court to wind up Grand International under section 177(1)(f) of the Companies Ordinance. Despite the involvement of Mr. Chang in the aforesaid petition, we have sought the advice of an independent firm of legal advisers, namely, Michael Pang & Co., and based on their opinion, our Directors are of the view that the aforesaid petition does not affect his character, experience and integrity to act as our executive Director. For details of the winding-up petition against Grand International, please refer to the paragraph headed “Mr. Chang, Tin Duk Victor” in the section headed “Directors, senior management and staff” in this prospectus.

SUPPLY

Due to the nature of our business, we have no major suppliers. Our direct costs principally comprise the salaries (including the Discretionary Payments), MPF contributions and other employee benefits paid to the staff of our Group (including our outsourcing staff seconded to our clients). Moreover, Zebra SOS has a discretionary bonus scheme with one of our senior management, Ms. Yeung and staff in ESS-Banking Team in order to incentivise them to bring in business for our ESS-Banking Team.

The discretionary bonus payment for the two years ended 31 March 2012 was made to Ms. Yeung’s company of her own accord and the discretionary bonus payment for the six months ended 30 September 2012 was made to Ms. Yeung herself. Such arrangement was determined after arm’s length negotiation between us and Ms. Yeung and shall continue after the Listing. The general consultancy services provided by Ms. Yeung’s company during the two years ended 31 March 2012 were different from the executive/staff search services provided by us. For details of (i) the major differences between the executive/staff search services provided by us and the general consultancy services provided by Ms. Yeung’s company; and (ii) the discretionary bonus scheme entered into between us and Ms. Yeung, please refer to the paragraph headed “Supply” in the section headed “Business” in this prospectus.

SUMMARY

SUMMARY OF OUR FINANCIAL PERFORMANCE

The summary of the consolidated financial information of our Group for each of the two years ended 31 March 2011 and 2012 and the six months ended 30 September 2011 and 2012 set forth below is derived from the accountants' report set forth in Appendix I to this prospectus and should be read in conjunction with the accountants' report and the notes thereto.

Key information from consolidated statements of comprehensive income

	For the year ended 31 March		For the six months ended 30 September	
	2011 <i>HK\$</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>	2012 <i>HK\$</i>
			(unaudited)	
Revenue				
Staff outsourcing services	139,556,523	150,339,804	76,028,272	81,136,223
Executive/staff search services	10,310,162	9,291,600	6,304,970	6,119,663
Other human resources support services	<u>1,155,287</u>	<u>5,606,301</u>	<u>784,503</u>	<u>2,893,920</u>
	151,021,972	165,237,705	83,117,745	90,149,806
Gross profit	16,357,100	19,016,953	9,936,145	9,829,882
Profit/total comprehensive income for the year/period attributable to owners of our Company	7,300,773	9,689,782	5,131,010	2,817,567

Our profit for the six months ended 30 September 2012 decreased by approximately 45.1% from approximately HK\$5.1 million for the six months ended 30 September 2011 to approximately HK\$2.8 million for the six months ended 30 September 2012 mainly due to the Listing expenses of approximately HK\$2.3 million. We expect further Listing expenses of approximately HK\$2.3 million will be incurred for the six months ending 31 March 2013. For details of the Listing expenses for the year ending 31 March 2013, please refer to the paragraph headed "Our net profit for the year ending 31 March 2013 would be adversely affected by the Listing expenses and increase in general and administrative expenses and we will have a decrease in net profit margin for the year ending 31 March 2013" under the section headed "Risk Factors" in this prospectus.

SUMMARY

Key information from consolidated statements of financial position

	As at 31 March		As at 30
	2011	2012	September
	HK\$	HK\$	2012 HK\$
Non-current assets	307,059	331,828	1,884,304
Current assets	30,913,404	33,968,991	43,272,925
Current liabilities	21,027,658	19,418,232	26,609,903
Net current assets	9,885,746	14,550,759	16,663,022
Net assets	10,192,805	14,882,587	17,700,154

SELECTED KEY FINANCIAL RATIOS

Set out below is a summary of the key financial ratios of our Group during the Track Record Period:

	Year ended 31 March		Six months ended
	2011	2012	30 September
			2012
Gross profit margin ^(Note 1)	10.8%	11.5%	10.9%
– Staff outsourcing services	7.3%	6.3%	5.2%
– Executive/staff search services	53.3%	64.7%	62.0%
– Other human resources support services	59.3%	62.0%	62.2%
Net profit margin ^(Note 2)	4.83%	5.86%	3.13%
Gearing ratio ^(Note 3)	45.5%	27.6%	39.6%
Return on equity ^(Note 4)	92.5%	77.3%	34.6%
Return on total assets ^(Note 5)	27.3%	29.6%	14.2%

Notes:

- Our overall gross profit margin remained relatively stable for the two years ended 31 March 2012 and for the six months ended 30 September 2012. The slight decrease in our overall gross profit margin for the six months ended 30 September 2012 was mainly attributed to the decrease in successful executive/staff search cases completed by the directors of Zebra SOS which have a higher profit margin as compared to the previous period.
- Our net profit margin decreased from approximately 5.86% for the year ended 31 March 2012 to approximately 3.13% for the six months ended 30 September 2012 mainly attributable to the Listing expense of approximately HK\$2.3 million.
- The gearing ratio increased from approximately 27.6% as at 31 March 2012 to approximately 39.6% as at 30 September 2012 mainly attributable to an increase in total borrowings by approximately HK\$3.0 million for the six months ended 30 September 2012.
- Our return on equity decreased from approximately 77.3% for the year ended 31 March 2012 to approximately 34.6% for the six months ended 30 September 2012 primarily due to the decrease in net profit due to the Listing expenses incurred in the six months ended 30 September 2012 and the increase in average balance of the equity attributable to our Company's owners during the Track Record Period.

SUMMARY

5. Our return on total assets decreased to approximately 14.2% for the six months ended 30 September 2012 mainly attributable to the decrease in the net profit after tax due to the Listing expenses incurred in the six months ended 30 September 2012.

Subsequent to the Track Record Period

As at 30 September 2012 and 31 January 2013, we had 643 and 657 outsourcing staff respectively, representing an increase of approximately 2.2% while the average service fee per outsourcing staff per month remained stable which only recorded a decrease of approximately 0.01%.

In order to reduce our reliance on the banking industry as well as our Top Clients, we set up a new executive/staff search team which comprises 4 staff with a primary focus on commerce and retail sectors in July 2012. Subsequent to the Track Record Period, we had two new clients using our executive/staff search services, of which one is in the international fashion industry and one is in the food and beverage industry. In addition, we have expanded our client base and enhanced our services and products offering, such as the development of eTMS in 2012 and our Group has also diversified into new geographical markets through the sale of eHRIS software to clients located in the PRC since 2011. Subsequent to the Track Record Period and up to the Latest Practicable Date, we had sold our eHRIS software on licence model to three PRC clients which are engaged in oil equipment manufacturing, manufacturing of electronic components and manufacturing of semi-conductors respectively and two Hong Kong clients who are engaged in the trading of garment and textiles products and the provision of telecommunication consulting and engineering services. All these new clients are Independent Third Parties.

For the year ended 31 March 2012, our turnover was approximately HK\$165.2 million and the general and administrative expenses was approximately HK\$7.3 million while our gross profit margin was approximately 11.5%. Based on our unaudited management accounts for the ten months ended 31 January 2013, our Group's revenue was approximately HK\$153.4 million and the general and administrative expenses was approximately HK\$7.4 million, whereas our gross profit margin was approximately 11.2%. Our Directors expect that there would be a negative impact on the financial performance of our Group in the year ending 31 March 2013 due to the increase in general and administrative expense in the six months ending 31 March 2013 as a result of (i) the disbursement of a special bonus to the senior management of our Company as a reward for the services in preparation of the Listing; (ii) the payment of additional employee expense in respect of a new general manager of our Group; and (iii) the increase in depreciation expenses of a new acquired motor vehicles.

Significant decrease in our net profit and net profit margin for the year ending 31 March 2013 due to the non-recurring expenses related to the Listing and increase in general and administrative expenses

For the year ended 31 March 2012, we recognised profit after tax of approximately HK\$9.7 million and based on our management accounts for the ten months ended 31 January 2013, our net profit after tax would be approximately HK\$4.5 million. Our Directors are of the

SUMMARY

view that our net profit margin and net profit for the year ending 31 March 2013 would be materially decreased due to (i) the non-recurring expenses in connection with the Listing; and (ii) the increase in general and administrative expenses for the year ending 31 March 2013 as mentioned above. Upon Listing, based on the Placing Price of HK\$0.41 per Share, it is estimated that an aggregate of approximately HK\$12.5 million would be paid to the Underwriters and various professional parties as Listing expenses, which shall be borne by our Company and the Vendor in the proportion of 75% and 25% respectively. The Listing expenses borne by our Company will be treated as follows: (i) approximately HK\$4.6 million will be charged to profit or loss, representing approximately 47.4% of the profit of our Group for the year ended 31 March 2012 of approximately HK\$9.7 million, which will reduce the profit for the year ending 31 March 2013 correspondingly; and (ii) approximately HK\$4.8 million will be accounted for as a deduction from the share premium account of our Group upon Listing. Our Company appointed the professional parties involved in the Listing in December 2011, February 2012 and April 2012 respectively. Although the Listing exercise was commenced in the year ended 31 March 2012, only minimal work was performed by other professional parties (other than the Sponsor) in the year ended 31 March 2012. Therefore, most of the expenses had not been incurred for the year ended 31 March 2012. The Sponsor and the reporting accountants of our Company concurred with our Directors' view for not charging the Listing expenses to profit or loss for the year ended 31 March 2012.

As a substantial amount of services have been provided by each of the professional parties during the six months ended 30 September 2012, the portion of the related fees, estimated on a time apportionment basis (in the absence of any other basis which better reflects the value of services provided), to be charged to profit or loss for the six months ended 30 September 2012 amounted to approximately HK\$2.3 million and we expect that further Listing expenses of approximately HK\$2.3 million will be incurred for the six months ending 31 March 2013. Our Directors would like to emphasise that such Listing expenses would be an estimate for reference only and the final amount to be recognised to the profit or loss of our Group for the year ending 31 March 2013 is subject to changes in variables and assumptions at the relevant time.

MATERIAL ADVERSE CHANGE SUBSEQUENT TO 30 SEPTEMBER 2012

Save for (i) the dividend of HK\$3 million declared on 19 March 2013; (ii) the estimated Listing expenses of approximately HK\$2.3 million for the six months ending 31 March 2013; and (iii) an increase in general and administrative expenses for the six months ending 31 March 2013, our Directors confirmed that there was no material adverse change in our financial position since 30 September 2012, being the last date of our latest audited financial results as set out in the accountants' report in Appendix I to this prospectus and up to the date of this prospectus.

SUMMARY

OUR SHAREHOLDERS AND EXEMPTED CONTINUING CONNECTED TRANSACTION

Immediately after the completion of the Capitalisation Issue and the Placing, our Company will be owned as to 58.75% by Z Strategic and 16.25% by Ascent Way. Please refer to the section headed “History and development” in this prospectus for further details.

We and Astrum entered into a continuing connected transaction in relation to the provision of IT outsourcing services by Zebra SOS to Astrum which has a term of two years from 1 February 2007 to 31 January 2009. Such IT Service Contract remains effective thereafter on an on-going basis until written notice for termination is served by either party. Please refer to the section headed “Exempted continuing connected transaction” in this prospectus for further details.

COMPETITIVE STRENGTHS

We believe that our competitive strengths mainly lie in (i) our experience in providing human resources services including staff outsourcing, executive/staff search and other human resources support services; (ii) our long term relationship with our major clients; (iii) our stable and experienced management team; and (iv) our self-developed eHRIS software.

MARKET SHARE

According to the Ipsos Report, there were approximately 360 HR outsourcing and executive search services providers in Hong Kong in 2011, approximately 6% of which are key service providers with a company size of more than 100 employees. Please refer to the section headed “Industry overview” in this prospectus for a general discussion of the competitive landscape of the HR consultancy solution and service industry in Hong Kong.

BUSINESS OBJECTIVES

We aspire to become one of the dynamic human resources services providers that adds value to our clients’ businesses. We plan to leverage on our experience and improve our competitive strength by (i) the expansion of existing executive/staff search and staff outsourcing services; (ii) the development of PRC and Singapore markets for executive/staff search services; (iii) the upgrading of our eHRIS software; and (iv) the development of other human resources support services. Please refer to the paragraph headed “Business strategies” in the section headed “Statement of business objectives” in this prospectus for further details.

OFFERING OF THE SALE SHARES BY THE VENDOR

The Vendor is offering the Sale Shares for sale pursuant to the Placing at the Placing Price. Based on the Placing Price of HK\$0.41 per Share, the gross proceeds to be received by the Vendor from the sale of the Sale Shares will amount to approximately HK\$10.25 million. The Company will not receive any of the proceeds of the sale of the Sale Shares by the Vendor under the Placing.

SUMMARY

PLACING STATISTICS

**Based on the
Placing Price of
HK\$0.41 per Share**

Market capitalisation of the Shares (<i>Note 1</i>)	HK\$164 million
Historical price/earnings multiple (<i>Note 2</i>)	16.9
Unaudited pro forma adjusted net tangible asset value per Share (<i>Notes 3, 4 and 5</i>)	HK\$0.098

Notes:

1. The calculation of the market capitalisation of the Shares is based on an issued capital of 400,000,000 Shares, being the number of the Shares in issue immediately following the completion of the Placing and the Capitalisation Issue.
2. The historical price/earnings multiple is based on the profit/total comprehensive income attributable to owners of our Company for the financial year ended 31 March 2012, the Placing Price of HK\$0.41 per Share and the assumption that 400,000,000 Shares, being the aggregate number of the Shares in issue as at the date of this prospectus and the Shares to be issued pursuant to the Capitalisation Issue and the Placing, had been in issue throughout the year.
3. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after making the adjustments referred to under the paragraph headed “Unaudited pro forma adjusted net tangible assets” in the section headed “Financial information” in this prospectus and on the basis of the Placing Prices of HK\$0.41 per Share and a total of 400,000,000 Shares in issue and to be issued as mentioned herein immediately following completion of the Placing and the Capitalisation Issue. It does not take into account any Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.
4. The unaudited pro forma adjusted consolidated net tangible assets and the unaudited pro forma adjusted consolidated net tangible asset value per Share have not taken into account the interim dividend declared for payment to Z Strategic, being a shareholder of Orient Apex, amounting to HK\$3,000,000, which was settled on 20 March 2013. The unaudited pro forma net tangible asset value per Share would have been reduced to HK\$0.090, based on the Placing Price of HK\$0.41 per Placing Share, after taking into account the payment of the interim dividend in the sum of HK\$3,000,000.
5. No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2012 in the computation of the unaudited pro forma adjusted consolidated net tangible assets.

SUMMARY

USE OF PROCEEDS

The net proceeds of the Placing, after deducting the related expenses, are estimated to be approximately HK\$21.4 million. Our Directors presently intend to apply the net proceeds of the Placing as follows: (i) approximately 29.0% of the net proceeds, or approximately HK\$6.2 million, for the expansion of existing executive/staff search and staff outsourcing services in Hong Kong; (ii) approximately 38.4% of the net proceeds, or approximately HK\$8.2 million, for the development in PRC and Singapore markets; (iii) approximately 14.0% of the net proceeds, or approximately HK\$3.0 million, for the upgrading of our eHRIS software; (iv) approximately 9.3% of the net proceeds, or approximately HK\$2.0 million, for the development of other human resources support services; and (v) the balance of approximately 9.3% of the net proceeds, or approximately HK\$2.0 million, for use as general working capital of our Group.

DIVIDENDS

No dividend has been paid or declared by us since incorporation. During the Track Record Period, Zebra SOS declared dividends in the total amount of HK\$6,000,000. Subsequent to the Track Record Period and up to the Latest Practicable Date, Orient Apex had declared dividends of HK\$3,000,000. All dividends declared had been fully paid prior to the Latest Practicable Date and we financed the payment of these dividends by internal resources.

The investors of the Placing Shares will not be entitled to the aforementioned dividends. The historical dividend payments may not be indicative of future dividend trends. With the increased capital available to us following the issue of the Placing Shares, our Directors, however, intend to strike an appropriate balance between maintaining sufficient capital to further develop our business and rewarding our Shareholders. The declaration and payment of future dividends will be subject to the decision of our Board having regard, amongst other things, to our earnings, prospects, investment opportunities and cash requirements vis-a-vis the then economic situations. We do not have any predetermined dividend payout ratio.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. They can be broadly categorised into risks associated with us, the industry and the Placing, among which, the relatively material risks encompass (i) our reliance on our Top Clients for a significant proportion of our revenue and for the continuation of our principal banking facility granted by Client A. Any change or deterioration in our relationship with our Top Clients or any change in business strategies of our Top Clients may cause a significant adverse effect to our business, financial condition and results of operations; (ii) we have to first settle the salary payment to the outsourcing staff seconded to our Top Clients in any case not later than seven days after the end of the wage period and subsequently obtain the reimbursement from our Top Clients with a credit period of 30 days. Any cash flow mismatch between our outsourcing staff salary payment and the reimbursement from our Top Clients or any default on or delay in payment by our clients could adversely affect our financial position and operating cash flow; (iii) we rely on our major clients belonging to a narrow range of industry sectors and may have difficulty in expanding our business into other industry sectors; and (iv) our eHRIS software, our computer system and network may experience unexpected interruption, breakdown or failure due to virus, hacker attacks or server breakdown. Details of these risks are set out in the section headed "Risk factors" in this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Articles”	the articles of association of our Company adopted on 19 March 2013 to take effect on the Listing Date, as amended from time to time, and a summary of which is set out in Appendix IV to this prospectus
“Ascent Way”	Ascent Way Investments Limited, a company incorporated in the BVI with limited liability on 3 August 2007 and an investment holding company wholly and beneficially owned by Mr. Pan, and a substantial shareholder of our Company
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Astrum”	Astrum Capital Management Limited, a joint bookrunner of the Placing which is a company incorporated in Hong Kong with limited liability which is owned as to approximately 81.76% indirectly by Mr. Pan and 18.24% by an Independent Third Party at the Latest Practicable Date and a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Board”	the board of Directors
“Bonus Tier”	each of the tiers under the discretionary bonus scheme provided by our Group to Ms. Yeung
“business day”	a day (other than a Saturday or Sunday) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of 293,749,900 Shares to be made upon capitalisation of part of the amount standing to the credit of our share premium account as referred to in the paragraph headed “Resolutions of our Shareholders” in Appendix V to this prospectus

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China which, for the purpose of this prospectus and for geographical reference only (unless otherwise indicated), excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Client A”	the top client of our Group throughout the Track Record Period
“Client A’s Affected Hong Kong Branches”	up to seven branches of Client A in Hong Kong which are planned to be closed as announced by Client A’s Parent in December 2012
“Client A’s Parent”	the parent company of Client A
“Client B”	the second top client of our Group throughout the Track Record Period
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “we” or “us”	Zebra Strategic Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 24 February 2012
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Controlling Shareholders”	has the meaning ascribed thereto under the GEM Listing Rules and in the context of this prospectus, refers to Mr. Chang, Mr. Kung and Z Strategic
“Deed of Indemnity”	the deed of indemnity dated 19 March 2013 given by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time) regarding certain indemnities as more particularly set out in the paragraph headed “Tax and other indemnity” in Appendix V to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 19 March 2013 given by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time) regarding the non-competition undertaking as more particularly set out in the section headed “Controlling, substantial and significant Shareholders” in this prospectus
“Director(s)”	the director(s) of our Company
“Discretionary Incentive Schemes”	the discretionary incentive schemes established and operated by our clients for the purpose of incentivising and rewarding their employees (including our outsourcing staff who are on secondment to our clients)
“Discretionary Payments”	the discretionary bonuses, commissions and other similar incentive payments payable upon the terms and subject to the conditions of the Discretionary Incentive Schemes
“Employees’ Compensation Ordinance”	the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Employment Ordinance”	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“ESS-Banking Revenue”	the total revenue generated from the ESS-Banking Team (save for assignments done by the directors of Zebra SOS and our staff other than the ESS-Banking Team)
“ESS-Banking Team”	our executive/staff search team (banking and finance sector) headed by Ms. Yeung

DEFINITIONS

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grand International”	Grand International Holdings Limited, a company incorporated in Hong Kong with limited liability on 25 November 1993 in which Mr. Chang is a director
“Group”	our Company and our subsidiaries or any of them or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, our present subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected with (within the meaning of the GEM Listing Rules) any of our Company, Directors, chief executive or substantial shareholders of our Company, our subsidiaries or any of their respective associates
“Inland Revenue Ordinance”	the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Ipsos”	Ipsos Business Consulting, an industry expert engaged by our Company to prepare the Ipsos Report and an Independent Third Party
“Ipsos Report”	an industry report dated 13 January 2013 prepared by Ipsos which was commissioned by us in relation to, among other things, the HR consultancy and service industry in Hong Kong
“IRD”	the Inland Revenue Department of Hong Kong
“Joint Bookrunner(s)”	United Simsen and Astrum, or any one of them
“Latest Practicable Date”	21 March 2013, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information referred to in this prospectus

DEFINITIONS

“Listing”	the listing of the Shares on GEM
“Listing Date”	the date on which the Shares first commence trading on GEM
“Listing Division”	the Listing Division of the Stock Exchange
“Luxuriant Global”	Luxuriant Global Investments Limited, a company incorporated in the BVI with limited liability on 2 March 2011 and an investment holding company wholly and beneficially owned by Mr. Kung
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM, which excludes the options market and which continues to be operated by the Stock Exchange in parallel with GEM and which, for the avoidance of doubt, excludes GEM
“Memorandum”	the memorandum of association of our Company, as amended from time to time
“Messis Capital” or “Sponsor”	Messis Capital Limited, the sponsor to our Company in the Listing and a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Minimum Wage Ordinance”	Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“MPF”	Mandatory Provident Fund
“MPFA”	Mandatory Provident Fund Schemes Authority
“Mr. Chang”	Mr. Chang, Tin Duk Victor, the chairman and chief executive officer of our Company, an executive Director, a Controlling Shareholder, a substantial shareholder and co-founder of our Group
“Mr. Kung”	Mr. Kung, Phong, an executive Director, a Controlling Shareholder, a substantial shareholder and a co-founder of our Group

DEFINITIONS

“Mr. Pan”	Mr. Pan, Chik, the non-executive Director and a substantial shareholder
“Ms. Yeung”	Ms. Yeung Ka Fung, Queenie, one of our senior management and the head of the ESS-Banking Team of our executive/staff search department
“New Shares”	75,000,000 new Shares being offered by our Company for subscription at the Placing Price under the Placing
“Orient Apex”	Orient Apex Investments Limited, a company incorporated in the BVI with limited liability on 2 December 2011 and our wholly-owned subsidiary
“Placing”	the conditional placing of the Placing Shares by our Company and the Vendor for cash at the Placing Price subject to the terms and conditions stated in this prospectus
“Placing Price”	HK\$0.41 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
“Placing Shares”	100,000,000 Shares comprising 75,000,000 New Shares and 25,000,000 Sale Shares being offered under the Placing as described in the section headed “Structure and conditions of the Placing” in this prospectus
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, particulars of which are set out in the section headed “History and development” in this prospectus
“Reorganisation Deed”	the reorganisation deed dated 19 March 2013 entered into between our Company, Mr. Chang, Mr. Kung, Z Strategic, Mr. Pan and Ascent Way

DEFINITIONS

“Sale and Purchase Agreements”	collectively, the sale and purchase agreement dated 15 December 2011 entered into between Triglobal, Luxuriant Global and Ascent Way, the supplemental sale and purchase agreement dated 17 February 2012 entered into between the same parties, the second supplemental sale and purchase agreement entered into between the same parties dated 5 June 2012 and the third supplemental sale and purchase agreement entered into between the same parties dated 23 July 2012, in relation to the transfer of 10% of the entire issued share capital of Orient Apex from each of Triglobal and Luxuriant Global to Ascent Way
“Sale Shares”	25,000,000 existing Shares being offered by the Vendor for sale at the Placing Price under the Placing
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 19 March 2013, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Silver Shadow”	Silver Shadow Company Limited, a company incorporated in the BVI with limited liability on 15 January 1991 and is deemed to be a connected person of our Company under Rule 20.11(4)(b)(ii) of the GEM Listing Rules by reason of it being wholly-owned by Mr. Chang’s father. Mr. Chang’s father and Mr. Chang are directors of Silver Shadow
“Singapore”	the Republic of Singapore
“SME(s)”	small and medium-sized enterprise(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases
“Top Clients”	collectively, Client A and Client B
“Track Record Period”	the period comprising the two years ended 31 March 2012 and the six months ended 30 September 2012
“Triglobal”	Triglobal Investments Limited, a company incorporated in the BVI with limited liability on 13 September 2006 and an investment holding company wholly and beneficially owned by Mr. Chang
“Underwriters”	the underwriters of the Placing whose names are set out in the paragraph headed “Underwriters” in the section headed “Underwriting” in this prospectus
“Underwriting Agreement”	the conditional underwriting agreement dated 27 March 2013 made between, among others, our Company, our executive Directors, our Controlling Shareholders, the Sponsor, the Joint Bookrunners and the Underwriters in relation to the underwriting of the Placing Shares by the Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“United Simsen”	United Simsen Securities Limited, a Joint Bookrunner to the Listing and a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“US”	the United States of America

DEFINITIONS

“Vendor” or “Z Strategic”	Z Strategic Investments Ltd., a company incorporated in the BVI with limited liability on 5 March 2013 and an investment holding company wholly and beneficially owned by Mr. Chang and Mr. Kung in equal shares, and a Controlling Shareholder, details of which are set out in the paragraph headed “Particulars of the Vendor” in Appendix V to this prospectus
“VeriSign”	VeriSign, Inc., an organisation which issues digital certificates and an Independent Third Party
“Zebra SOS”	Zebra Strategic Outsource Solution Limited, a company incorporated in Hong Kong with limited liability on 25 March 2002 and our wholly-owned subsidiary
“HK\$” and “cents”	the Hong Kong dollars and cents, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	the Singapore dollars, the lawful currency of Singapore
“US\$”	the US dollars, the lawful currency of the US
“%”	per cent.

GLOSSARY

This glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with us and our business. The terms and their meaning may not correspond to standard industry definitions.

“CAPTCHA”	Completely Automated Public Turing test to tell Computers and Humans Apart, a challenge-response test used in computing to determine whether the user is human. It is a security image with distorted letters followed by a text box where the user has to enter the letters to login the website
“email”	electronic mail, a term used to refer to text, files and/or graphical messages transmitted by one user to others over the internet
“eHRIS”	a web based human resources integrated system that keep track of key employment information such as basic personal data, current employment information, remuneration packages, educational background, employment history and dependent’s contact information
“eLeave”	a web-based leave management system which not only allows employees of the subscribers to submit leave applications online, but also enables their human resources managers to give leave approval and generate real time reports
“ePayroll”	a web-based employees’ payroll application which streamlines the payroll function
“ePayslip”	a web-based application which enables the employees of the subscribers to check their current and previous payroll records online with their unique usernames and passwords, thereby reducing printing costs and the risk of payslips being stolen, lost or damaged during the delivery process
“eTax”	a web-based application that allows employees to view their employment-related tax returns compiled by our eHRIS software via the internet

GLOSSARY

“eTMS”	a web-based application that provides comprehensive timesheet management functionalities, including employee roster management, in-out time capture interface and time record management
“FMCG”	fast-moving consumer goods
“HR”	human resources
“HRM”	human resources management
“internet”	a global network of intercommunication, separately administered public and private computers networks
“IT”	information technology
“NGO”	non-governmental organisation
“PAYG”	pay-as-you-go
“PC”	personal computer
“SSL”	“Secure Sockets Layer” encryption, being a security protocol on the internet. When an SSL session is started, the server sends its public key to the browser by which the browser sends a randomly generated secret key back to the server in order to have a secret key exchange for that session
“VPN”	virtual private network
“website(s)”	a site or a location on the World Wide Web that includes a home page

FORWARD-LOOKING STATEMENTS

We have included in this prospectus forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed “Summary”, “Risk factors”, “Industry overview”, “Business”, and “Financial information”, which are, by their nature, subject to risks and uncertainties.

In some cases, we use the words “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation;
- our capital expenditure plans;
- the amount and nature of, potential for and future development of our business;
- our operation and business prospects;
- our dividend policy;
- the planned projects;
- the regulatory environment of our industry in general;
- future development in our industry; and
- other statements in this prospectus that are not historical fact.

Our Directors confirmed that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under the section headed “Risk factors” in this prospectus.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

RISK FACTORS

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to our Company. Additional risks and uncertainties not presently known to our Group or that our Group currently deems immaterial could also harm the business, financial condition and operating results of our Group. The trading price of the Shares could decline due to any of these risks, and you may lose part or all of your investment.

RISKS ASSOCIATED WITH OUR GROUP

We rely on our major clients, in particular, Client A. Any change or deterioration in our relationship with our major clients or any change in business strategies of our major clients may cause a significant adverse effect to our business, financial condition and results of operations

As at 30 September 2012, our top five clients accounted for approximately 90.7% of our accounts receivables. While we seek to limit our credit risk by setting credit terms for individual clients, our clients may in the future default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons beyond our control. In the event that our clients delay or default on reimbursing us and we do not have sufficient cashflow or is otherwise unable to obtain sufficient funds to pay the salaries and employee benefit of our outsourcing staff, our financial condition, including cash flow may be materially and adversely affected.

Since we enter into employment contracts with our outsourcing staff directly, we shall pay the wages and other employee benefits, such as overtime allowances, to our outsourcing staff as soon as practicable but in any event not later than seven days after the end of the wage period in accordance with the Employment Ordinance. Any failure by us to pay the wages and other employee benefits of our outsourcing staff within the prescribed time limit due to cash flow shortfalls or other liquidity problems of us may expose us to civil actions and/or criminal prosecutions and in such event, our reputation, business and results of operations could be adversely affected.

We have entered into framework staff outsourcing service agreements with most of our major clients. The terms of these framework staff outsourcing service agreements range from 1 to 3 years, some of which are renewable at our clients' discretion. During the Track Record Period, there were 6 renewals and 1 termination (by effluxion of time) of the framework staff outsourcing service agreements. There is no guarantee that these framework staff outsourcing service agreements will be renewed in the future. Failure to renew the existing framework staff outsourcing service agreements or enter into new framework staff outsourcing service agreements with our major clients may result in uncertainty and potential volatility with respect to our revenue.

RISK FACTORS

The framework staff outsourcing service agreements between us and some of our clients do not specify a minimum number of staff to be seconded by us and may be terminated by the relevant client without cause upon giving not more than one month's written notice to us. As such, these clients may terminate their framework staff outsourcing service agreements within a short period of time and the revenue from our staff outsourcing services would be exposed to uncertainty. Should these clients terminate their framework staff outsourcing service agreements before its stated expiry date, reduce the use of our staff outsourcing services significantly, or stop using such services completely even during the subsistence of these framework staff outsourcing service agreements, our business and results of operations and prospects may be materially and adversely affected.

Our top client, Client A, is the consumer banking subsidiary of a globally diversified financial services group headquartered in the US whose business relationship with us dates back to 2002. Our second top client, Client B, is the Hong Kong banking subsidiary of a leading financial services group listed and headquartered in Singapore, with over 200 branches across 15 markets in Asia whose business relationship with us dates back to 2008. For each of the two years ended 31 March 2012 and the six months ended 30 September 2012, the revenue from Client A represented approximately 49.7%, 64.5% and 66.9% of our total revenue respectively whilst the revenue from Client B represented approximately 33.6%, 19.8% and 15.4% of our total revenue for the same periods. Our Directors anticipate that our Top Clients will continue to be a major revenue source of our Group in the foreseeable future. Reduction in the demand for or termination of our services by our Top Clients may cause material fluctuations or declines in our Group's revenue or liquidity position and have a material adverse effect on our Group's business, financial condition and results of operations.

As at the Latest Practicable Date, there were 460 and 70 outsourcing staff seconded to Client A and Client B respectively. Under the current framework staff outsourcing service agreements with our Top Clients, our Group recruits our outsourcing staff for our Top Clients upon request and seconds them to our Top Clients. Since the outsourcing staff are on our Group's payroll, we will first settle their basic salaries, MPF contributions and other employee benefits (except the Discretionary Payments) and subsequently obtain reimbursement from our Top Clients on a monthly basis. Any failure by our Top Clients to reimburse us or any disagreement with the amounts we paid to our outsourcing staff after we have settled these expenses is likely to have a significant impact on our cash flow and profitability.

Moreover, if any of our Top Clients no longer requires such outsourcing staff or decides to scale down their respective businesses with our Group, we may need to lay off a large number of outsourcing staff and incur significant liability for severance payments and other statutory compensation towards our outsourcing staff. In December 2012, Client A's Parent announced its plans to layoff around 11,000 employees of its worldwide workforce as part of its global business strategy to trim costs and enhance profitability. Of these job cuts, around 6,200 positions would come from the global consumer banking division of Client A's Parent. There were also plans by Client A's Parent to consolidate and close 84 branches in the US and various other countries, including seven in Hong Kong. The Client A's Affected Hong Kong Branches represented approximately one-sixth of Client A's total branches in Hong Kong as in

RISK FACTORS

January 2013. Since our outsourcing staff are not the employees of Client A, our Directors consider that the layoff plan of Client A's Parent would not have any immediate and direct impact on our Group's outsourcing business with Client A. To the best of the knowledge of our Directors after making reasonable enquiries, Client A had not proceeded with the planned closure of the Client A's Affected Hong Kong Branches as at the Latest Practicable Date. That said, our Directors anticipate the planned closure of the Client A's Affected Hong Kong Branches may lead to Client A readjusting its staffing level in different operational areas and consequently, its demand for our staff outsourcing services, especially for general operations and contact services staff. As at 30 September 2012, we had seconded approximately 158 and 5 outsourcing staff to provide general operational and contact services to Client A. It is currently difficult for our Directors to estimate the extent of the impact on our operating performance and financial results arising from the planned closure of the Client A's Affected Hong Kong Branches given that the expected timetable for implementation of such plan, the identity of the Client A's Affected Hong Kong Branches and the number of our outsourcing staff seconded to these branches are not known to us. However, should a sizeable number of our outsourcing staff be no longer required by Client A as a result of the planned closure of the Client A's Affected Hong Kong Branches, our operating performance and financial results may be adversely affected.

In addition, we have obtained banking facilities from Client A, of which approximately HK\$2.0 million remained outstanding as at the Latest Practicable Date. Our Directors expect our banking relationship with Client A will continue after the Listing. There is no guarantee that our relationship with Client A will not deteriorate in the future. Our Group relies on Client A as a major revenue and funding source and deterioration in our relationship with Client A would materially and adversely impact our business, financial condition and results of operations.

Our net profit for the year ending 31 March 2013 would be adversely affected by the Listing expenses and increase in general and administrative expenses and we will have a decrease in net profit margin for the year ending 31 March 2013

As the preparation for Listing commenced at around the end of the year ended 31 March 2012, most of the Listing expenses had not been incurred for the year ended 31 March 2012 and will be recognised upon Listing. Based on the Placing Price of HK\$0.41 per Share, it is estimated that an aggregate amount of approximately HK\$12.5 million would be paid to the Underwriters and various professional parties as Listing expenses, which will be borne by our Company and the Vendor in the proportion of 75% and 25% respectively. The Listing expenses borne by our Company will be treated as follows: (i) approximately HK\$4.6 million will be charged to profit or loss, representing approximately 47.4% of our profit for the year ended 31 March 2012, which will reduce the profit for the year ending 31 March 2013 correspondingly; and (ii) approximately HK\$4.8 million will be accounted for as a deduction from our share premium account for the year ending 31 March 2013. It must be emphasised that amount of such Listing expenses is a current estimate for reference only and the final amount to be recognised to profit or loss of our Group for the year ending 31 March 2013 is subject to audit and changes in variables and assumptions at the relevant time.

RISK FACTORS

In addition, the increase in general and administrative expenses for the six months ending 31 March 2013 due to (i) the disbursement of a special bonus to the senior management of the Company as a reward for the services in preparation of the Listing; (ii) the incurrence of additional employee expenses in respect of a new general manager of our Group; and (iii) the increase in depreciation expenses of a newly acquired motor vehicle will have adverse impact to the net profit and net profit margin of our Group in the year ending 31 March 2013.

Our net profit margin during each of the Track Record Period was approximately 4.8%, 5.9% and 3.1% respectively. The decrease in net profit margin for the six months ended 30 September 2012 was attributable to the Listing expenses incurred during the period. After the Track Record Period, due to the Listing expenses and increase in general and administrative expenses in the six months ending 31 March 2013, it is expected that our net profit margin will decrease in the year ending 31 March 2013 as compared to the year ended 31 March 2012. There is no assurance that our general and administrative expenses will not increase in future and any such increase of may have material adverse impact our net profit and net profit margin.

Revenue and profit sustainability depends on our ability to maintain our competitiveness and to provide quality services

We have been conducting business in the human resources industry since 2002. Although we recorded revenue of approximately HK\$151.0 million, HK\$165.2 million and HK\$90.1 million respectively and net profit after tax of approximately HK\$7.3 million, HK\$9.7 million and HK\$2.8 million for the two years ended 31 March 2012 and for the six months ended 30 September 2012 respectively, the sustainability of our revenue and net profit will depend upon our ability to maintain competitiveness in the human resources industry and to provide high quality services.

Due to low entry barrier, the market segments in which we operate are highly competitive with many competitors and players in the market. The number of companies in Hong Kong providing human resources services may increase in the future resulting in increasing price competition which could in turn adversely affect our results of operations and financial condition. Our market position may be hampered by increasing competition in the form of better services and/or price reductions by our competitors. Increasing competition may come from current competitors or new market entrants who offer similar services. The failure of us to maintain us could have a material adverse effect on our Group's business, operating results and financial condition.

RISK FACTORS

We may face uncertainties associated with the expansion of our business. In particular, our major clients belong to a narrow range of industry sectors and we have limited experience in business operation in PRC and Singapore markets

During the Track Record Period, the revenue from our top five clients accounted for approximately 96.1%, 93.3% and 92.0% of our total revenue for the two years ended 31 March 2012 and the six months ended 30 September 2012 respectively. Our Group's top five clients operate in the banking, telecommunications and insurance sectors.

We are actively seeking business opportunities with new clients in the aforesaid three industry sectors as well as other industry sectors while maintaining our business and working relationships with existing clients. However, our Directors anticipate that we will continue to derive a significant portion of revenue from our top five clients. Should any of our top clients cease their business relationships with us, our business, results of operations and financial condition may be materially and adversely affected.

From our Directors' experience, demand for our services depends on the level of activities in the aforesaid three industry sectors and the intensity of market competition in Hong Kong. As such, there is no assurance that the demand for our services from such three industry sectors will be maintained or continue to grow in the years ahead. Any downturn in such three industry sectors in Hong Kong may put downward pressure on the prices of our services and products and consequently on our revenue due to reduced service fees and charges.

As part of our strategic development, we are contemplating expansion of our business into other industry sectors, namely, FMCG and luxury branding sectors. However, such expansion into other industry sectors may involve substantial time and resources at relatively high costs, subject to the business environment and uncertainties in the development of the economy. In the event that we encounter problems or delays in expanding our business into other industry sectors, our business, results of operations and prospects may be materially and adversely affected.

We are pursuing several business strategies, including establishing a new operating entity or exploring opportunities for strategic business alliance to expand our business operation into PRC and Singapore markets for executive/staff search services. However, our Directors and our Group have limited experience in conducting business in such locations. We may encounter a number of risks, such as different legal and tax systems, fluctuations in currency exchange rates and political uncertainty. There is no assurance that our Group can overcome such risks. We may be required to devote substantial human and financial resources in order to cope with such risks, which may adversely affect our future results and profitability.

In addition, we are subject to regulations in the PRC and Singapore including but not limited to licensing requirements. Our failure to obtain the relevant licences, permits and/or approvals will hinder our proposed expansion plans, which would have an adverse and material impact on our business and financial performance.

RISK FACTORS

Decrease in gross profit margin of our staff outsourcing services

We have recorded a decrease in gross profit margin of our staff outsourcing services from approximately 7.3% for the year ended 31 March 2011 to approximately 6.3% for the year ended 31 March 2012 and from approximately 7.2% for the six months ended 30 September 2011 to approximately 5.2% for the six months ended 30 September 2012. The decrease in gross profit margin for our staff outsourcing services during the Track Record Period was mainly attributed to the decrease in service fees for each outsourcing staff as per our clients' request. In addition, given that the service fees for the secondment of a large proportion of our outsourcing staff are charged on the basis of a fixed monthly fee per outsourcing staff, if there is an increase in the salaries of our outsourcing staff while our service fees remain unchanged, the gross profit margin for our staff outsourcing services will be affected. We cannot assure you that we will not experience any further decrease of gross profit margin of our staff outsourcing services in the future. If we experience any substantial decrease in gross profit margin of our staff outsourcing services, our business, financial condition and results of operations may be adversely affected.

We may be vicariously liable for the acts or omissions of our outsourcing staff

As at 31 March 2011, 31 March 2012 and 30 September 2012, we had 645, 611 and 643 outsourcing staff, of whom 385, 333 and 357 were responsible for the sales functions of our clients respectively. Despite these outsourcing staff are working for and under the supervision of our clients under secondment, they remain our employees and we may be vicariously liable for their acts or omissions while they carry out or purport to carry out the sales responsibilities entrusted to them by our clients. For instance, if our clients' customers suffer any losses arising from their reliance on false or misleading information provided by our outsourcing staff during the sale processes, we could be exposed to claims or legal actions brought by our clients and/or their customers. In such event, we may need to incur additional costs to settle or defend these claims or legal actions and our business and results of operations may be adversely affected.

We may encounter difficulty in receiving the conversion fees for the subsequent employment of our outsourcing staff by our clients

If our clients wish to employ any of our outsourcing staff, they may be required to pay us a conversion fee which is calculated based on a percentage of the new annual remuneration package of such outsourcing staff. Given that our outsourcing staff may voluntarily leave us to accept new employment by our client without we being informed of the circumstances of such employment, there is no assurance that we may receive or pursue a claim for the conversion fee.

RISK FACTORS

Our eHRIS software, and our computer system and network may experience unexpected interruption, breakdown or failure due to virus, hacker attacks or server breakdown

The stability of our other human resources support services is dependent upon our Group's ability to protect our eHRIS software and the data server against damage or disruption as a result of virus or hacker attacks, fire, power loss, telecommunications failure, and similar events. Currently, we do not have any insurance policy in place to cover damages caused by virus or hacking. Any damage to or failure of our software and server could result in interruptions in, or termination of, the services provided to our clients, which could have a material adverse effect on our business, results of operations, financial conditions and reputation as an efficient provider of quality human resources-related software.

During the Track Record Period, we had not experienced any instances of material failure in our eHRIS software. However, any network interruption or inadequacy that causes interruption in the connectivity of the eHRIS software application or failure to maintain the network and server or failure to solve such problems quickly could adversely affect the performance of our eHRIS software and lower the level of satisfaction of our clients, which may in turn affect our clients' human resources-related operations and our relationship with our clients, resulting in negative publicity and adversely affect our reputation.

We are dependent upon attracting and retaining key management personnel and competent employees outsourcing staff for our staff outsourcing business

Our success is dependent upon our ability to attract and retain key management personnel like Mr. Chang, Mr. Kung, Ms. Yeung, Ms. Choy, Wing Yee Macy, Ms. Ren, Yi and Mr. Hui, Chun Sing and our ability to retain, motivate and recruit appropriately skilled employees with a comprehensive understanding of our clients' requirements for our staff outsourcing business. Our executive Directors and senior management are considered essential to our future success. Moreover, there is always a risk that key management may decide to leave us. We expect that these workforce management challenges will continue to be an important factor going forward and the loss of the services of key management personnel or the inability to successfully attract and retain such personnel in the future could have a material adverse effect on our business, financial condition and results of operations.

We have to hire and retain employees with the necessary level of competence and knowledge of the human resources industry so as to maintain and develop our operations. In the future, we may encounter shortages of appropriately skilled personnel, which may hamper our ability to implement our strategies and materially and adversely affect our business and results of operations for our staff outsourcing business.

RISK FACTORS

Our Directors believe that an integral part of our success is our ability to recruit and retain outsourcing staff who have the knowledge, experience and skills to meet our clients' needs. While we had been able to recruit and maintain the services of competent outsourcing staff during the Track Record Period, there can be no assurance that we can continue to recruit and/or retain competent outsourcing staff with the necessary skills and knowledge to meet our clients' needs in the future. The overall turnover rate of the outsourcing staff was approximately 123.56%, 119.47% and 50.23% for the two years ended 31 March 2012 and the six months ended 30 September 2012 respectively. The turnover rate is calculated by dividing the difference of the total hired outsourcing headcounts for the year and the total active outsourcing headcounts as at the end of the respective year/period by the total active outsourcing headcounts as at the end of the respective year/period. Any significant increase in the turnover rate of our outsourcing staff coupled with our mobility to recruit replacement outsourcing staff expeditiously could have a material adverse effect on our business and results of operations.

Our tax obligations may be subject to changes in the PRC tax laws or policies. We may not obtain the exemption of business tax in the PRC

During the Track Record Period, our revenue derived from the PRC was nil, HK\$2,375,100 and HK\$733,000 respectively. It is our business objective to develop our own executive/staff search services and human resources support services in the PRC market in the future. Therefore, any change in the PRC tax laws may adversely affect our financial condition and results of operations of our Group. Moreover, our historical operating results may not be indicative of our operating results for future periods as a result of changes in the applicable tax laws. Any significant increase in our income tax liability in the future could have a material adverse effect on our financial condition and operating results.

Uncertainties in implementing the contractual arrangements between our PRC clients and us

We have entered into contracts for the sale of our eHRIS software with our PRC clients in the year ended 31 March 2012 and the six months ended 30 September 2012. These contracts are governed by the PRC laws. It is expected that the future contractual arrangements with our PRC clients will be governed by the PRC laws and provide for the resolution of disputes through either arbitration or litigation in the PRC. Accordingly, these agreements would be interpreted in accordance with the PRC laws and any disputes would be resolved in accordance with the PRC legal procedures. If our PRC clients fail to perform their obligations under these contractual arrangements, we may have to rely on legal remedies under the PRC laws, including seeking injunctive relief and claiming damages. There is no assurance that these legal remedies would be effective and could be implemented in our favour.

The legal environment in the PRC may not be as mature as in other jurisdictions. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements.

RISK FACTORS

We may encounter difficulty in achieving our business objectives

Our business objectives as set out in this prospectus are based on our existing plans and intentions. We intend to expand our existing business in accordance with the objectives. However, the objectives are based on assumptions to the global circumstances and the development trend of the human resources industry currently known to our Directors. There is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in us achieving our objectives. Our business, operating results and financial position may be materially and adversely affected if our business objectives are not achieved.

Any decision to pay dividends will be at the discretion of our Board. Our ability of our Group to pay dividends will depend upon our earnings. Accordingly, there can be no guarantee that we will, or will be able to, pay dividends in the future

For the years ended 31 March 2011 and 2012, we declared dividends of approximately HK\$6,000,000 and nil respectively. On 20 March 2013, interim dividend of HK\$3.0 million was paid by Orient Apex to Z Strategic, which was settled by our internal resources. Whilst our Board may declare dividends in the future, the amount of dividends will be subject to, among other things, the discretion of our Directors, taking into consideration the amount of earnings, financial position, cash requirements and availability, provisions of the applicable laws and regulations and other relevant factors. The dividend paid during the Track Record Period should not be treated as a reference or basis to determine the level of dividends that may be declared by our Board in the future.

Possible impact of leaking the personal data collected from our clients

We, acting as a human resources service provider, have obtained and in our possession in the form of a consolidated database a substantial amount of personal data from our clients, particularly, personal data of the staff of our clients.

Pursuant to the contracts entered into between us and our clients and in compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), we are obliged to keep all such data confidential. If there is any breach of confidentiality by us and any personal data provided by our clients is leaked to or obtained by third parties as a result of our breach of confidentiality, our clients may take legal action against us for damages and/or compensation for the loss that may have arisen or been incurred therefrom.

Although we have implemented internal control procedures to safeguard the security and confidentiality of our database, there is no assurance that there will not be any leakage of personal data or unauthorised access to our database, which, if happened, may adversely affect our business, operation and reputation.

RISK FACTORS

RISKS ASSOCIATED WITH THE INDUSTRY IN WHICH WE OPERATE

We have to keep up with rapid changes in the human resources service sector

We operate in the human resources service industry and the industry is subject to rapid changes in both the labour market and the relevant regulations. There is no assurance that we can offer, or develop the expertise, experience and resources to offer human resources services to our clients on a timely and competitive basis. We may incur significant costs in developing our business, adopting the changes in the labour market and providing training to our staff in order to maintain our competitiveness.

If we cannot keep up with the rapid changes in the human resources service industry and provide our services to our clients with the latest information and skills, the demand for our human resources services may be adversely affected.

There may be changes in the regulatory environment

For the provision of recruiting services, we are required to obtain a licence from the Commissioner for Labour. Please refer to the section headed “Regulatory overview” in this prospectus for the licensing requirements of employment agencies in Hong Kong. If the Hong Kong Government imposes any further licensing requirements of employment agencies in Hong Kong, extra costs may be incurred as a result of changes to our operational model in complying with such laws and/or regulations and our business may be materially affected. There can be no assurance that there will not be any changes in the regulatory environment in respect of the human resources service industry in Hong Kong. If we expand into other geographical markets other than Hong Kong, we may need to obtain other appropriate licences or approvals.

Most of our facilities and operations are currently located in Hong Kong. Hong Kong is a special administrative region of the PRC with its own government and legislature. Under the Basic Law, Hong Kong is entitled to a high degree of autonomy from the PRC under the principle of “one country, two systems”. Any changes which compromise the current level of autonomy of Hong Kong may have a material adverse affect on our business, results of operations and financial condition.

Our eHRIS software may be exposed to the risk of being copied and used by our competitors/users

There is no assurance that we can maintain the exclusive use of the eHRIS software in the provision of our human resources support services and that our competitors/users will not become aware of such technical details and specifications of our eHRIS software and exploit them for the development of their own software. Any such unauthorised use of our eHRIS software could have a material adverse impact on our business, result of operations and financial condition.

RISK FACTORS

RISKS ASSOCIATED WITH THE PLACING

There has been no prior public market for the Share and the liquidity, market price and trading volume of the Share may be volatile

Prior to the Listing, there is no public market for the Shares. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Placing. Factors such as our revenues, earnings and cash flows could cause the market price of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond our control and unrelated to the performance of our Group's business, especially if the financial markets in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Placing Price.

Investors may experience dilution if our Group issues additional Shares in the future

Our Group may need to raise additional funds in the future to finance expansion of our business or new development relating to our existing operations or new acquisitions. If additional funds are raised through the issue of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the shareholding of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Placing Shares.

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. We cannot predict the effect, if any, of any future sales of the Shares by any of our Controlling Shareholders, or that the availability of the Shares for sale by any of our Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

RISK FACTORS

RISK ASSOCIATED WITH THE STATEMENT IN THIS PROSPECTUS

Certain facts and statistics in this prospectus are derived from various sources compiled by market research agencies and may not be reliable

Certain facts, forecasts and statistics in this prospectus including those relating to the human resources service industry, the local economy and the operation of human resources service in a local business environment under certain market conditions have been derived from various sources compiled by market research agencies. We believe that the sources of such facts and statistics are appropriate sources of such facts, forecasts and statistics and have taken reasonable care in extracting and reproducing such facts and statistics in this prospectus. We have no reason to believe that such facts and statistics are false or misleading or that any fact has been omitted that would render such facts and statistics false or misleading. The facts and statistics have not been independently verified and no representation is given as to the accuracy and completeness of such facts and statistics. Therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics from the sources referred to or contained in this prospectus may be inaccurate or may not be comparable to the statistics produced for other economies and should not be unduly relied upon. Furthermore, there is no guarantee that the facts and the statistics as set out in this prospectus are so stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, potential investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics as they are so stated in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE PLACING

The Placing Shares are offered solely on the basis of the information contained and the representations made in this prospectus. So far as the Placing is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sponsor, the Joint Bookrunners, the Underwriters, any of their respective directors (where applicable) or any other parties involved in the Placing.

Printed copies of this prospectus are available, for information purpose only, at the offices of (i) Messis Capital at Room 2002, 20th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong; (ii) United Simsen Securities Limited at 19th Floor, Wing Lung Bank Centre, 636 Nathan Road, Mongkok, Kowloon, Hong Kong; and (iii) Astrum Capital Management Limited at 11th Floor, 122 QRC, 122-126 Queen's Road Central, Central, Hong Kong during normal office hours from 9:00 a.m. to 5:00 p.m. from 28 March 2013 up to 5 April 2013 (both dates inclusive and for business days only).

PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Placing for which Messis Capital is the sponsor. The Placing Shares are fully underwritten by the Underwriters pursuant to the Underwriting Agreement. For further information about the Underwriters, the Placing and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF PLACING SHARES

Each person acquiring the Placing Shares will be required to, or be deemed by his, her or its acquisition of the Placing Shares to, confirm that he, she or it is aware of the restrictions on offers and sales of the Placing Shares as described in this prospectus.

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Placing Shares or the distribution of this prospectus. This prospectus is not an offer or invitation in any jurisdiction in which it is not authorised, and is not an offer or invitation to any person to whom it is unlawful to make an unauthorised offer or invitation.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

It is expected that, pursuant to the Placing, the Underwriters will conditionally place the Placing Shares on behalf of our Company and the Vendor with investors.

APPLICATION FOR LISTING ON GEM

Our Company has applied to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

A total of 100,000,000 Shares representing 25% of the enlarged issued share capital of our Company immediately following completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Placing.

Under section 44B(1) of the Companies Ordinance, if permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Placing or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public.

Only securities registered on the branch register of members of our Company in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sponsor, the Joint Bookrunners, the Underwriters, their respective directors or any other parties involved in the Placing accepts responsibility for any tax effects on, or liabilities of, our Shareholders resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

REGISTRATION AND STAMP DUTY

All the Placing Shares will be registered on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

STRUCTURE AND CONDITIONS OF THE PLACING

Details of the structure of the Placing, including its conditions, are set out in the section headed “Structure and conditions of the Placing” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence on or about 10 April 2013. Shares will be traded in board lots of 10,000 Shares each.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Chang, Tin Duk Victor (張天德)	Room 1877, Tower 14 Hong Kong Parkview 88 Tai Tam Reservoir Road Hong Kong	Chinese
Kung, Phong (龔鈺)	Flat D, 9th Floor Imperial Garden 3 Duke Street Kowloon Tong Hong Kong	Chinese
<i>Non-executive Director</i>		
Pan, Chik (潘稷)	Flat B, 35th Floor Tower Three Leighton Hill No. 2B Broadwood Road Happy Valley Hong Kong	Chinese
<i>Independent Non-executive Directors</i>		
Ng, Kwan Ho Andy (吳君豪) (also known as Ng, Kwan Ho Andrew)	T5 20C Pacific Palisades 1 Braemar Hill Road North Point Hong Kong	Chinese
Lam, Raymond Shiu Cheung (林兆昌)	Flat A, 18th Floor The Broadville 4 Broadwood Road Hong Kong	Chinese
Tam, Tak Kei Raymond (譚德機)	Flat A, 12th Floor King Tien Mansion Tai Koo Shing Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

PARTIES INVOLVED IN THE PLACING

Sponsor

Messis Capital Limited
Room 2002
20th Floor, Tower One
Lippo Centre
89 Queensway
Hong Kong

Joint Bookrunners

United Simsen Securities Limited
19th Floor, Wing Lung Bank Centre
636 Nathan Road,
Mongkok, Kowloon
Hong Kong

Astrum Capital Management Limited
11th Floor, 122 QRC
122-126 Queen's Road Central
Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law
Pang & Co.
in association with Loeb & Loeb LLP
Suite 7601A, Level 76
International Commerce Centre
1 Austin Road West
Hong Kong

As to PRC law
Shu Jin Law Firm
24th Floor, Aerospace Skyscraper
4019 Shennan Road
Futian District
518048, Shenzhen
PRC

As to Singaporean law
JE Legal LLC
(an associated firm of Eversheds LLP)
1 Finlayson Green
#14-02
Singapore 049246

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

As to Cayman Islands law

Conyers Dill & Pearman (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Legal advisers to the Sponsor and
the Joint Bookrunners**

Vincent T.K. Cheung, Yap & Co.
11th Floor, Central Building
1-3 Pedder Street
Central
Hong Kong

Reporting accountants

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Property valuer

Asset Appraisal Limited
Room 901, On Hong Commercial Building
145 Hennessy Road
Wanchai
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	5th Floor, Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong
Company's website	<u>www.zebra.com.hk</u> <i>(Note: contents in this website do not form part of this prospectus)</i>
Company secretary	Wong, Susan Chui San ASCPA, HKICPA
Authorised representatives	Chang, Tin Duk Victor Room 1877, Tower 14 Hong Kong Parkview 88 Tai Tam Reservoir Road Hong Kong Kung, Phong Flat D, 9th Floor Imperial Garden 3 Duke Street Kowloon Tong Hong Kong
Compliance officer	Chang, Tin Duk Victor
Audit committee	Ng, Kwan Ho Andy (<i>Chairman</i>) Lam, Raymond Shiu Cheung Tam, Tak Kei Raymond
Remuneration committee	Lam, Raymond Shiu Cheung (<i>Chairman</i>) Ng, Kwan Ho Andy Tam, Tak Kei Raymond Chang, Tin Duk Victor

CORPORATE INFORMATION

Nomination committee	Tam, Tak Kei Raymond (<i>Chairman</i>) Lam, Raymond Shiu Cheung Ng, Kwan Ho Andy Chang, Tin Duk Victor
Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal bankers	Citibank, N.A., Hong Kong Branch 21st Floor, Tower 1, The Gateway Harbour City Tsimshatsui Hong Kong Dah Sing Bank, Limited 108 Gloucester Road Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Compliance adviser	Messis Capital Limited Room 2002 20th Floor, Tower One Lippo Centre 89 Queensway Hong Kong

INDUSTRY OVERVIEW

This section contains certain information which is derived from a report we commissioned from Ipsos, an Independent Third Party. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While we have exercised reasonable care in compiling and reproducing such information from official government publications, it has not been independently verified by our Company, our Directors, the Sponsor, the Joint Bookrunners, the Underwriters or any other parties involved in the Placing. The information from official government publications may not be consistent with the information available from other sources within or outside Hong Kong. Our Company, our Directors, the Sponsor, the Joint Bookrunners, the Underwriters or any other parties involved in the Placing do not make any representation as to the accuracy, completeness or fairness of such information from official government publications and, accordingly, you should not unduly rely on such information from official government publications.

On 1 February 2012, we engaged Ipsos to undertake a market survey on the human resources consultancy solution and service market in Hong Kong, the PRC and Singapore at a fee of approximately HK\$386,000. The findings of the market survey are set out in the Ipsos Report. Our Directors confirmed that Ipsos, including all of its subsidiaries, divisions and units, is independent of and not connected with us in any way. Ipsos, on behalf of itself, its subsidiaries, divisions and units, confirmed that the Ipsos Report was prepared in its ordinary course of business, and has given its consent for us to quote from and to use the information contained in the Ipsos Report in this prospectus.

The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which includes (i) desk research conducted by Ipsos including specialised industry literature, government/regulatory sources, online data sources, third-party reports and surveys, industry reports and analyst reports and the database maintained by Ipsos; and (ii) primary research through interviewing with key industry human resources services providers in Hong Kong.

Ipsos, having offices in over 80 countries, is the market research and consulting firm that generates insights to help clients drive competitive brand, product and customer experience strategies. Ipsos is engaged in the provision of various services including market survey, market profiling, market sizing, share and segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

We have disclosed certain information extracted from the Ipsos Report in this section.

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OVERVIEW OF HR CONSULTANCY SOLUTION AND SERVICE MARKET IN HONG KONG

HR consultancy solution and service industry offers a wide spectrum of services to assist enterprises in human resources operation and management

HR consultancy solutions and services originated from US and after a few decades of evolution, it now offers many detailed and diversified solutions and services to assist enterprises in human resources operation and management.

- HR consultancy solution and service providers assist enterprises to solve their human resources organisation and structure and employee related issues including employee and employer communication facilitation, health and benefit evaluation, retirement and finance consulting, human capital management consulting, human resources organisation in merger and acquisitions, organisation restructuring, talent acquisition and executive search, recruitment process outsourcing and human resources outsourcing.
- Apart from techniques and expertise in human resources, other techniques and qualifications such as accountancy, actuarial, finance, compensation, IT are also required in order to offer comprehensive and all-rounded solutions and services.

HR consultancy solutions and service providers in Hong Kong can be classified into the following types:

- Providers that mainly offer management consultancy services on human resources and capital.
- Providers that mainly offer a combination of services including human resources outsourcing and executive search (headhunting) services.
- Providers that mainly offer executive search (headhunting) services.

Human resources outsourcing service includes recruitment process outsourcing service, contract staffing service, employee administration and other related services, to target at enterprises that would like to save human resources operation and management cost

Human resources outsourcing service is a type of business process outsourcing service which aims to assist enterprises to reduce their operation cost pressure on managing human resources and staffing resulting from by the instability nature of business and economic cycles.

- Human resources outsourcing service evolved from the needs for recruitment process outsourcing (RPO) service from the high-technology enterprises in Silicon Valley in the 1970s.

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- These high-technology enterprises in Silicon Valley outsourced their recruitment process and hiring of difficult-to-find talents and specialists to recruitment process outsourcing (RPO) service providers, thus lowering the costs of recruitment and increasing efficiency in the recruitment process.
- As the demands for human resources and staffing issue became increasingly sophisticated and no longer limited to the high-technology industry, human resources outsourcing service for non-high-technology enterprises have emerged since the 1980s.

Human resources outsourcing service includes not only the recruitment process outsourcing service, but also temporary and contract staffing service, employee administration, payroll and benefits, MPF processing and tax return filing.

When selecting services providers, corporate customers usually evaluate the capability of the service providers in accordance with such criteria as the area of their specialisation, their track records, the size of their database and whether the pool of database can support their needs in short time and the responsiveness of the service providers.

Temporary and contracting staff service

Evolving from the recruitment process outsourcing (RPO) service, temporary and contracting staff service covers part or all of the internal human resources functions in enterprises of different sizes and scales. Enterprises that may need the temporary and contracting staff service include:

- Enterprises which do not have sufficient headcounts for operational and logistic roles under fierce market competition. Usually to these enterprises, these roles do not involve specialised skills or experiences and are highly replaceable. Outsourcing these roles to the human resource service providers can save cost on benefits (such as insurance and long service payment) and recruitment and layoff, thus giving more flexibility to these enterprises as compared to hiring permanent staff.
- Enterprises that require a higher level of manpower within short notice. The human resources outsourcing service providers usually have a database with different types of manpower sources which may readily assist these enterprises when in need.

The profit margin of the temporary and contracting staff service in the Hong Kong market is about 5% to 10%. The profit is generated from large volume of contract staffing or large amount of such service offering.

- The service providers commonly mark up at about 20% to 30%** of the monthly salary for the charge of temporary or contract staffing service, and additional fee is needed for extra administration services.
- Some human resources service providers get the priority from their clients to be engaged in performing the search service for mid-level managers or specialists, in addition to the engagement for human resource outsourcing service.

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- Cross selling is a strategy for the human resources outsourcing service providers to expand their business and increase their profits.

Note:

- ** The percentages indicate the range of the mark up on top of the monthly salary of the temporary or contract staff as the service fee of offering such services. Such percentages of the mark up usually include the administration cost of offering temporary or contracting staff service, miscellaneous fees such as insurance, and the profit margin. However, the mark up percentages may vary for different human resources service providers. The range of the percentages that addressed exclude those extreme cases.

Payroll administration and management service

The profit margin of the payroll administration and management service in the Hong Kong market is about 5% to 10%. The profit is generated from regular and long term engagements with clients. As the margin of payroll administration and management service is not very competitive, the service providers tend to generate more profits by getting more engagements and providing value-added services to enlarge the contract size of each engagement.

- The charge usually depends on the number of employees that the service providers need to process.
- In order to expand their business and sales, payroll processing and administration service providers also offer other human resources outsourcing services such as recruitment process outsourcing and tax return filing.

Enterprises that may need payroll administration and management services include:

- Enterprises that only have sales and marketing personnel. As the human resources work for these enterprises are simple and straightforward, it would not be cost-effective to hire permanent internal human resources personnel.

Web-based human resources management (HRM) solution

The web-based human resources management (HRM) solution has been introduced to the Hong Kong market to facilitate the daily operation and management work of human resources.

- The solution usually comprises the installation of software system, training to the system user and after sales services such as maintenance.
- The software system is usually supported by a database with keyword search function to help in maintaining a structured track record on human resources data such as resumes, recruitment progress, staff personal details, payroll, MPF and benefits. It would also perform the calculation function and is capable of generating different types of reports for managers in support of their decision making.

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- The web-based human resources solutions offered may be customised to suit the needs and operation nature of different companies.

As web-based human resources management (HRM) solutions accounted for only about 2% of the total HR outsourcing and executive search market sales value in Hong Kong in 2011, there is no dominant service provider or brand for this particular market.

- In the past, HRM solution was included in the e-commerce solutions offered by established IT providers such as IBM and HP. However, as the technology advanced, HR consultancy service providers also began offering such solutions with other value-added services in addition to the web-based system.

Executive search

Executive search service mainly comprises two forms of services: retained search and contingency search.

Retained search service

Retained search service mainly assists enterprises in searching for suitable candidates for senior executive level or chief executive level positions. Upon receiving new instructions, the retained search service providers will usually start searching from their database and through their consultants' relationship network in the relevant industry. The search base may also be extended to cover regions which are outside the client's presence or candidates from other industries with relevant experience. The service provider also provides to their clients progress reports on the methodology used for searching, segments and candidates that have been screened and the reasons of candidates being qualified or unqualified. As a typical retained search service provider charges about HK\$350,000-HK\$1,000,000 (roughly about US\$50,000-US\$130,000) for a job position, with about one third of the total charge upfront at the start of the search, job positions that require retained search service are mainly for high-level executives with an annual salary package of over HK\$3 million. Enterprises, including governmental and NGOs, having the following position or role may require retained search service:

- The relevant position or role is highly confidential that the disclosure of any change to this position may induce instability to the enterprise or impacts from competitors.
- The relevant position or role is highly specialised which requires very niche skill sets or background and suitable candidates for which are not readily available in the market.

The retained search service providers are usually highly specialised, with years of experience in interacting with high level executives. Each of the consultants employed by the retained search service providers is specialised in searching for a particular or up to three industries. This retained search service market in Hong Kong is dominated by multi-national players.

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Contingency search service

Contingency search service mainly assists enterprises in searching for suitable candidates for mid-level management or specialists' positions. The contingency search service providers rely heavily on their database and their in-house research departments to make cold calls and warm calls targeting potential suitable candidates for positions offered by their clients. They usually differentiate themselves by showing their expertise and strengths with respect to the industries they specialise in, such as banking and finance, retail and FMCG, IT, or in terms of job functions such as IT engineering, human resources, finance and accounting. Different from retained search service providers, contingency search service providers are competing with time to search for suitable candidates in order to drive their revenue, as they do not collect any down payment from the enterprises before engaging in the search and they only receive the payment when they successfully get their candidates to fill the job vacancies. In addition, enterprises usually engage more than one contingency search service providers for a single position and a typical contingency search service provider usually charges for about 10% to 25% of the total annual remuneration package offered to the successful candidate by the enterprise. About 30 to 90 days of guarantee period is usually offered with up to 50% refund or free replacement if the candidates leave within this guarantee period. Enterprises having the following position or role may require contingency search service:

- The position or role is specialised and suitable candidates for which are not readily available in the market.
- The position or role of enterprises which lack the HR manpower and resources and require contingency search service provider to assist in the selection and screening for possible candidates.

There is no special qualification for consultants for contingency search service providers, but they should be speedy in searching and identifying suitable candidates for their clients. The contingency search service market in Hong Kong is highly fragmented and includes a mix of multi-national and local players.

Number of HR Consultancy Solution and Service Providers in Hong Kong

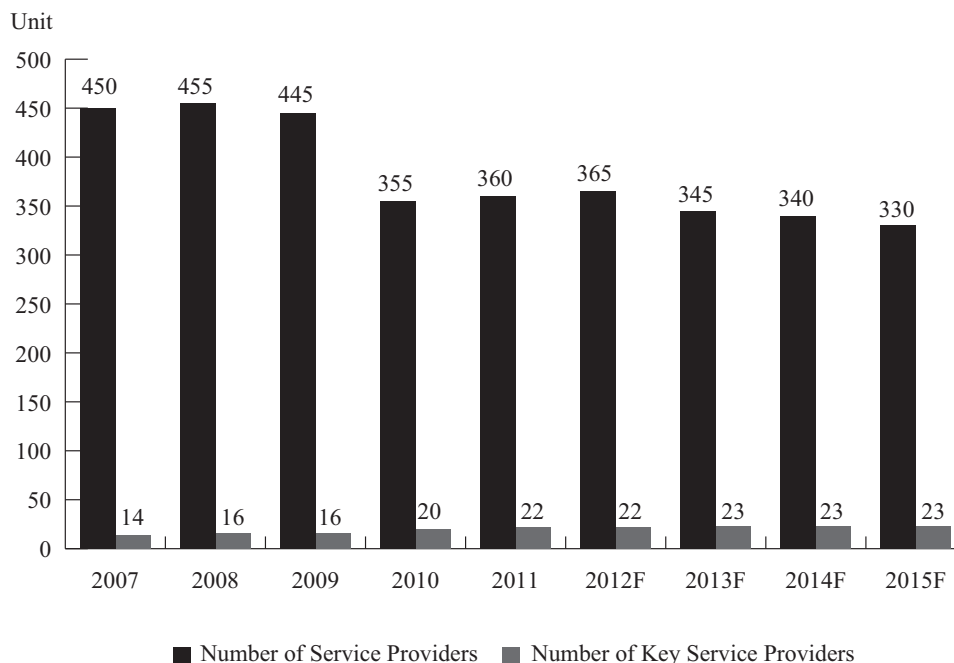
While the number of HR outsourcing service and executive search service providers in Hong Kong, which are those with more than 10 but less than 100 employees, is expected to decline in the next four years, the number of key HR outsourcing service and executive search service providers in Hong Kong, which are those with more than 100 employees, is expected to increase in the same period.

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Total Number of HR Outsourcing Service and Executive Search Service Providers and Key Providers in Hong Kong from 2007 to 2015

CAGR of estimated total number of HR outsourcing service and executive search service providers in Hong Kong from 2007 to 2015 = -3.8%

CAGR of estimated total number of key HR outsourcing service and executive search service providers in Hong Kong from 2007 to 2015 = 12.0%



Sources: Ipsos interviews and analysis

The total number of HR outsourcing and executive search service providers in Hong Kong decreased at a CAGR of about 5.4%, while that of key service providers increased at a CAGR of about 6.4% from 2007 to 2011.

- HR outsourcing and executive search service in Hong Kong has been developed over the past three decades and attained relative maturity, as such, it is difficult for new players not having the requisite expertise and network to enter the market.
- Many multi-national and foreign companies have set up their regional headquarters in Hong Kong during the past 50 years, which attracted many multi-national or international HR outsourcing and executive search service providers to follow and start their services in Hong Kong.
- The abrupt drop in 2010 was mainly attributable to the global recession in 2009 where some service providers became unprofitable and exited the market, while others grew bigger through mergers and acquisitions when the economy started to pick up.

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It is expected that the total number of HR outsourcing and executive search service providers in Hong Kong will moderately decrease at a CAGR of about 3.3%, while the total number of key service providers will increase slightly at a CAGR of about 1.5% from 2012 to 2015.

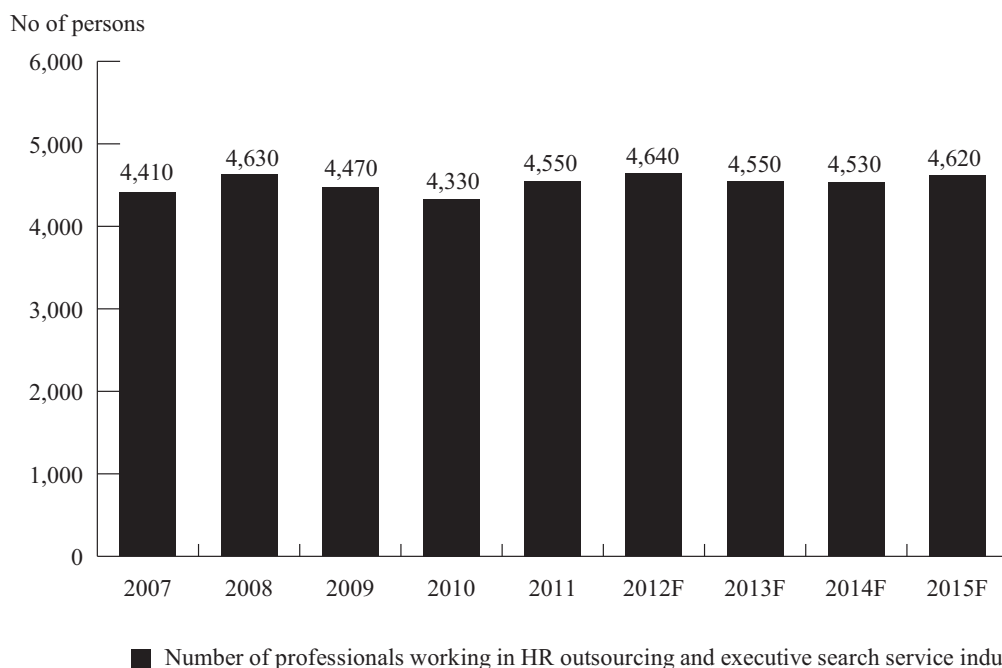
- Owing to the fierce market competition and saturation, it is expected that small scale service providers will fade out or will be acquired by large service providers.
- It is expected that Hong Kong's low tax rates and gateway to China will create further demand for HR outsourcing and executive search services in Hong Kong.

Number of Professionals Working in HR Consultancy Solution and Service Industry in Hong Kong

The total number of professionals working in HR outsourcing and executive search service industry in Hong Kong has only fluctuated slightly with the economic conditions from 2007 to 2011.

Total Number of Professionals Working in HR Outsourcing Service and Executive Search Service Industry in Hong Kong from 2007 to 2015

CAGR of estimated total number of professionals working in HR outsourcing service and executive search service industry in Hong Kong from 2007 to 2015 = 0.6%



Notes: The data above is based on the service providers with more than 10 employees.

Sources: Ipsos interviews and analysis

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The total number professionals working for HR outsourcing and executive search service providers in Hong Kong increased slightly at a CAGR of about 0.6% from 2007 to 2011.

- As different industries grew along with the growth of economy in Hong Kong from 2007 to 2008, HR outsourcing and executive search service providers recruited more professionals to cope with their business growth.
- However, the financial crisis at late 2008 and global recession in 2009 resulted in the draw back of headcounts and job market and had driven about 6.5% of the professionals out of the HR outsourcing and executive search service industry in Hong Kong in 2010, compared to 2008.

It is expected that the total number professionals working for HR outsourcing and executive search service providers in Hong Kong will remain relatively stable at a CAGR of about -0.1% from 2012 to 2015.

- Although it is expected that there will be fewer HR outsourcing and executive search service providers due to the elimination or consolidation of service providers resulting from fierce market competition, the number of professionals will stay at similar level with the movement of professionals between different service providers.
- The competitive business environment resulting from the increasing rental cost and remuneration of the professionals in Hong Kong will push up the productivity of each professional.

Market Size of HR Consultancy Solution and Service Industry in Hong Kong

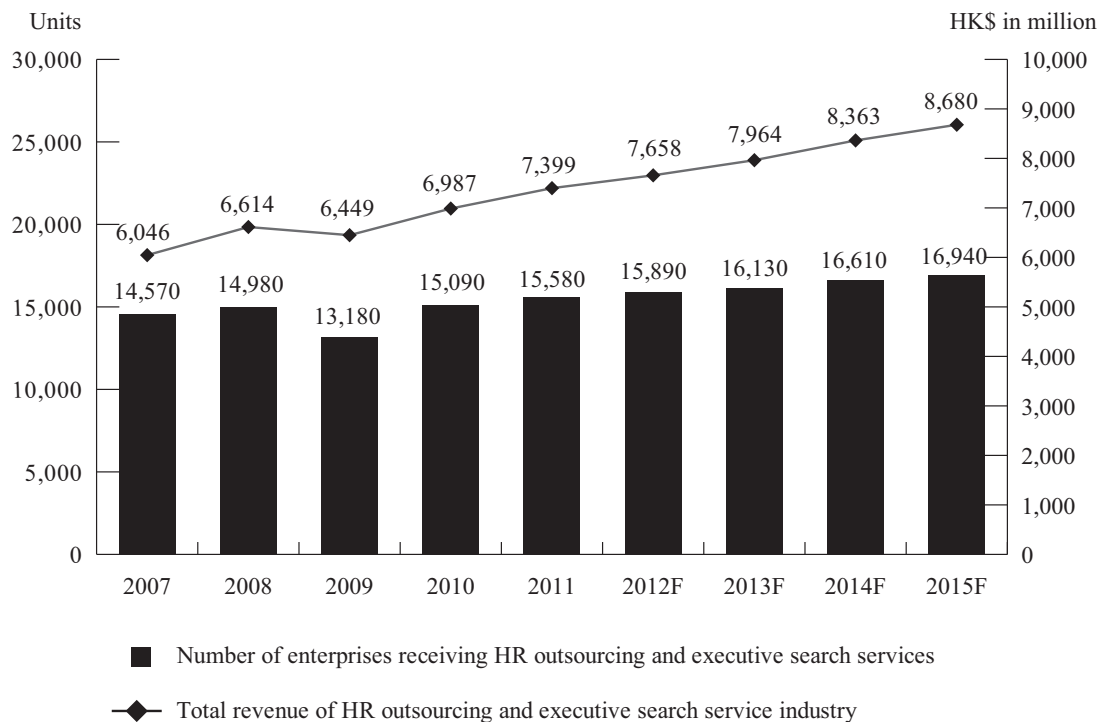
The growth of market value for HR outsourcing and executive search services has mainly been driven by the economic conditions and the level of salary and wages.

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Market Size of HR Outsourcing and Executive Search Services in Hong Kong from 2007 to 2015

CAGR of the number of enterprises receiving HR outsourcing and executive search services
in Hong Kong from 2007 to 2015 = 1.9%

CAGR of total revenue of HR outsourcing and executive search service market in Hong
Kong from 2007 to 2015 = 4.6%



Note: The data above is based on the service providers with more than 10 employees.

Sources: Ipsos interviews and analysis

The total revenue of HR outsourcing and executive search service market in Hong Kong grew at a CAGR of about 5.2% from 2007 to 2011.

- As about 60% of the demand for HR outsourcing and executive search services were from banking and finance and IT industries, the layoffs and diminished headcount requirements in these industries due to the financial crisis and global recession has resulted in a decrease of the revenue of the market of about 2.5% in 2009.
- With the support of China's strong economic growth, Hong Kong's economy recovered quickly which drove the increase in the demand for HR outsourcing and executive search services to about 8.3% and 14.5% in terms of revenue and the number of enterprises receiving such services respectively in 2010.

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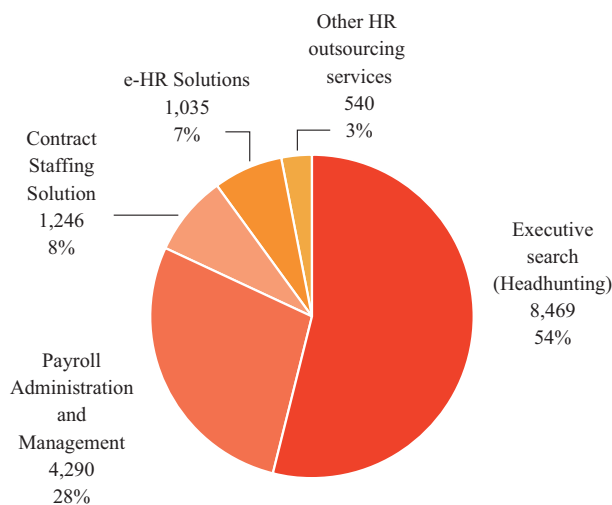
About 1.6% of the total enterprises in Hong Kong received HR outsourcing and executive search services in 2011. The total revenue for and the number of enterprises receiving HR outsourcing and executive search services in Hong Kong are expected to grow at a CAGR of about 4.3% and 2.2% respectively from 2012 to 2015.

- The increasing number of enterprises will drive demand for the HR outsourcing services because the increase in wages and continuous inflation will give enterprises an incentive to outsource their HR work and hire contract staff in order to lower operation cost.
- The total revenue of the market will grow as the average salary in Hong Kong increases resulting from an increase in the professional consultation fees.

Executive search services dominated the market for HR outsourcing and executive search service industry with about 54% of enterprises receiving such services, and accounted for about 75% of the total sales value of HR outsourcing and executive search service industry in 2011.

Market Segmentation of Number of Enterprises Receiving HR Outsourcing and Executive Search Services by Service Types in Hong Kong for 2011

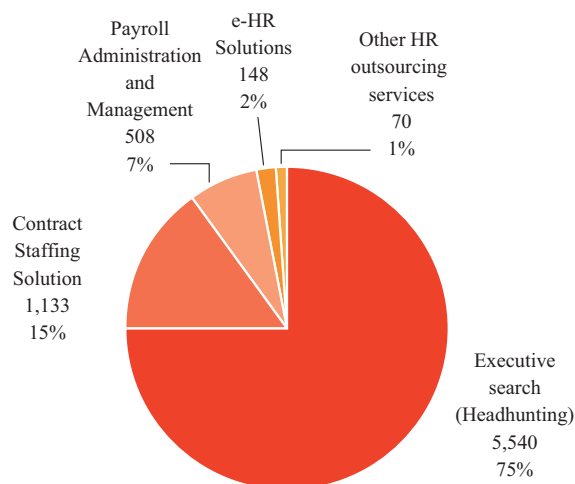
Total number of enterprises receiving HR outsourcing and executive search services in Hong Kong = 15,580



INDUSTRY OVERVIEW

Market Segmentation of Sales Revenue of HR Outsourcing and Executive Search Services by Service Types in Hong Kong for 2011

Total sales revenue of HR outsourcing and executive search services in Hong Kong = HK\$7,399 million



Notes:

- (1) Other HR outsourcing services include recruitment process outsourcing excluding payroll administration and management, temporary or contract staffing and e-HR solutions.
- (2) Enterprises may receive more than one service from HR consultancy solution and services providers and the statistics is based on no dominant services received by the enterprises.
- (3) The figures for payroll administration and management only count on the HR outsourcing service providers, but not on other types of professional businesses in providing similar services.

Sources: Ipsos interviews and analysis

Executive search service is a key service sector for the HR outsourcing and executive search service industry which amounted to about HK\$5,540 million in 2011 and accounted for about 75% of the total market value.

- About 54% of the total number of enterprises receiving HR outsourcing and executive search services engaged in executive search services in 2011, the majority of which were multinational companies.
- Banking and financial services industry is the key industry which engaged executive search services. International financial institutions such as HSBC, Citigroup are key target customers of executive search service providers, although they tend to engage more than one service provider at the same time.
- Due to the substantive revenue generated from each engagement, about 40% of the sales revenue from executive search services is generated from retained search service providers.

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Other HR outsourcing services accounted for about 25% of the total market value for HR outsourcing and executive search services in 2011.

- Temporary or contract staffing services, payroll administration and management services, and e-HR solutions accounted for about 15%, 7% and 2% of the total market value of HR outsourcing and executive search services respectively in 2011.
- About 28%, 8% and 7% of the total number of enterprises receiving HR outsourcing and executive search services engaged in payroll administration and management services, temporary or contract staff services and e-HR solutions respectively in 2011.
- Enterprises for other payroll administration and management services consist of both local and multinational companies with continuous request throughout the year.
- Banking and financial services industry remains the core sector for outsourcing services, followed by the telecommunications industry.
- Diminishing profit margin of outsourcing services is forcing HR outsourcing service providers to expand their services to executive search services to sustain their business.

Trends and Development of HR Consultancy Solution and Service Industry in Hong Kong

One stop total solution

Service providers originally offering only recruitment process outsourcing, temporary and contract staffing, payroll processing and HR administration services are now expanding their services to include advisory services on policy development, workforce planning and structuring and strategic management employee survey analysis.

Contingency search service providers will develop new business opportunities by extending their expertise to other industries and job functions.

- For example, some contingency search service providers specialised in banking and finance are expanding their coverage to include the IT and telecom, retail and FMCG industries. Some of them originally cover sales and marketing roles will expand to search for finance and accounting and engineering roles etc.
- They also offer recruitment processing and advisory services to add value to their services to clients.

HR outsourcing and executive search service providers cross-sell other value added services such as employee learning support and planning, talent assessment tools and materials development to enhance the value per engagement.

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Increase productivity to remain competitive

As the operation cost in Hong Kong has increased rapidly resulting mainly from the growth in rental and wage costs, HR outsourcing and executive search service providers tend to increase productivity per consultant in order to sustain their business and remain competitive in the market.

- The productivity per consultant is usually measured by the average sales value generated by each consultant.
- The average wage rate increased at a year-on-year rate of about 12.9% from December 2008 to 2009, while the rental cost for offices in Hong Kong raised by year-on-year rate of about 29.0% over the same period.
- Facing fierce market competition, HR outsourcing and executive search service providers especially those smaller scale providers are competing in terms of prices by lowering their price to survive and remain competitive.

Expanding business in China

The executive search service providers in Hong Kong are expanding business into China.

- The rapid growth in economy in China gives rise to huge potential with vast investment opportunities.
 - The total number of enterprises in China increased from about 42.47 million to about 47.41 million from 2006 to 2010, representing a CAGR of about 2.8%.
- As enterprises in Hong Kong become more cost sensitive, many HR consultancy solution and service providers are trying to reduce their service fee to clients to maintain their competitiveness.
- Eyeing the market potential in China and diminished profit in Hong Kong, an increasing number of service providers are expanding their business into China to tap on the market potential.
 - Apart from establishing business in key cities such as Beijing, Shanghai and Guangzhou, some key players who already have presence in China are considering to penetrate into second-tier cities for the growing markets.
- Executive search service providers with business operation in China are more likely to find talents in China to serve their clients in China.

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COMPETITIVE ANALYSIS OF HR CONSULTANCY SOLUTIONS AND SERVICES IN HONG KONG

Competitive Landscape of HR Consultancy Solutions and Services in Hong Kong

Competition Situation

There were about 360 HR outsourcing and executive search service providers in Hong Kong in 2011. Only about 6% of them are key service providers with company size of over 100 employees.

- The HR outsourcing and contingency search services markets are highly fragmented and dominated by retained executive search service.
 - *HR outsourcing service market* is dominated by small players who make up about 90% of the total number of market players.
 - *Retained search service market* is dominated by multinational service providers who account for about 80% of the total number of market players.
 - *Contingency search service market* is highly competitive and comprised both multinational and local service providers.
- Over 50% of all HR outsourcing and executive search service providers engaged in only executive search services while the rest engaged in a combination of both types of services.
- Regardless of the nature of service, these service providers mainly offer solutions to the banking and finance and technology industries in Hong Kong.
 - Reputation, price and client relationship are key selection criteria by client enterprises.
- HR outsourcing and executive search service providers are gradually extending their service coverage to China and Asia Pacific countries.
- Competitions among the service providers are fierce with each striking to highlight their service quality, which is often defined by their experience and the comprehensiveness of their service.
 - Most of these service providers have presence in multiple countries thus are more able to handle multi-national projects.
- HR outsourcing and executive search service providers are trying to differentiate themselves by positioning themselves differently in terms of the scope of services they offer.
- Facing the growing needs of enterprises to expand into the China market, all HR outsourcing and executive search service providers in Hong Kong are concentrating on expanding services into the China market to capture the market potential.

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Major HR Consultancy Solution and Service Providers in Hong Kong

HR outsourcing service market is highly fragmented and dominated by small players, which accounted for about 90% of the total number of market players. The key competitors offering temporary contract staffing services in Hong Kong are (a) a Hong Kong subsidiary of an international HR solutions provider headquartered in Switzerland and listed on SIX Swiss Exchange; and (b) a Hong Kong subsidiary of an international workforce solutions provider headquartered in the US and listed on the New York Stock Exchange.

The details of the key competitors offering services in Hong Kong are summarised as follows:

Rank	Company	Headquarter location	Revenue generated in Hong Kong in 2011 (HK\$ million)	Market share percentage of total revenue (%)	Share of temporary contract staffing business (%)	Number of staff	Number of consultants	Number of outsourcing staff in Hong Kong	Number of branches and locations	Key service range
1	Hong Kong subsidiary of a company listed on New York Stock Exchange	United Kingdom	448.7	9.5%	~45%	125	55	1,800	4,400 offices globally in 73 countries	Recruitment process outsourcing
2	Hong Kong subsidiary of a company listed on SIX Swiss Exchange	Switzerland	238.9	5.0%	~60%	70	45	1,500	5,500 offices globally	Recruitment process outsourcing
3	Zebra SOS	Hong Kong	165.2	3.5%	~90%	28	6	611	1 office in Hong Kong	Human Resources outsourcing
Others			3,889.3	82.0%						
Total			4,742.1	100.0%						

Notes:

- (1) The table is ranked by the respective total revenue generated in Hong Kong and across the period from 1 April 2011 to 31 March 2012.
- (2) The table only takes into account of the companies which offer payroll administration and management, temporary and contract staffing and executive search as their key businesses, but excludes the companies which purely offer executive search services.
- (3) The product portfolio, scale of operations, market and future prospects of Zebra SOS are not exactly the same as the other companies mentioned in the table, the comparison should be used to provide a general reference only.
- (4) The number of staff does not include the number of outsourcing staff.

Sources: Ipsos interviews and analysis

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Factors of Competition

HR outsourcing service

- **Price:** To keep up with the increasing rental and wage cost in Hong Kong, enterprises are striving to minimise cost in non-core business operations to focus on their core business. Reduction in operation cost is the main reason for engaging HR outsourcing services. Therefore, lower price offered by service providers enables their clients to achieve cost effectiveness.
- **Reputation:** Reputation of service providers is built up on reliability and security. HR outsourcing involves the handling of internal staff information which is highly confidential. Service providers with strong reputation gives confidence to clients in data security and reliable services.
- **Client relationship:** Client enterprises tend to engage the same service providers for HR outsourcing services. HR outsourcing service providers are competing to broaden their customer base while maintaining the relationship with existing client to sustain their business.

Executive search service

- **Brand name and reputation:** Executive search service providers are striving to enhance their brand name and reputation to attract both job candidates and clients. A stronger reputable brand name enables service providers to hire better quality consultants and generate more profits. This is particularly important to retained search service providers as their clients usually engage with 1-2 service providers for each assignment.
- **Network connection:** Strong database and wide network connection are necessary to maximise search potential. Executive search service providers are competing to expand their candidate pool and client base to build relationship and knowledge in different industries to facilitate their work.

Contingency search service

- **Efficient services:** Enterprises usually engage in more than one contingency search service providers at a time as no upfront payment is required for each assignment. Revenue is only accounted for when a recommended candidate is successfully placed with the client. The service provider who can fill the job vacancy within the shortest period of time can secure the business and the revenue generated.

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Retained search service

- **Expertise:** Given that the targeted job candidates are senior executives and are not readily available in the market, clients seeking for retained search services usually have high expectations for their service providers. Retained search service providers are expected to have strong industry knowledge and high level of professionalism to help clients screen-out potential candidates and provide detailed report to justify their reference and recommendation.

Market Growth Drivers and Entry Barriers for HR Consultancy Solution and Service Industry in Hong Kong

Market Growth Drivers

- Economic growth in Hong Kong with the support from the PRC government secure Hong Kong's gateway position and attract more foreign investments into Hong Kong, which will drive growth for HR consultancy solution services resulting from the increasing business setup in Hong Kong.
- The increasing number of multinational and SMEs in Hong Kong also fuel demand for HR consultancy solution and services. The total number of enterprises in Hong Kong grew at CAGR of about 9.9% from 2007 to 2011.
- More Mainland Chinese enterprises are setting up business overseas to explore other business opportunities. The lack of overseas experience coupled with huge cultural and language barriers increase the demand for professional corporate services, including HR consultancy solution and services in Hong Kong.
- As operation cost including rental and wage costs keep rising, enterprises tend to outsource their internal HR services to external service providers to cut cost, which gives rise to the demand for HR outsourcing services in Hong Kong.
- The increasing competition among enterprises gives rise to the demand for niche positions which requires specialised skills and high caliber talents to cope with the changing business environment.
- As the global business environment undergoes constant changes, it is necessary for enterprises to remain flexible by engaging temporary or contract staff to cope with sudden changes in the market.

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Entry Barriers

Database and connections, expertise and knowledge of consultants, client relationship and employee loyalty post high entry barriers for the HR outsourcing and executive search service industry in Hong Kong.

- **Database and connections:** A huge database and wide network connection take time to build but are essential equipment for maximising search potential and shortening search time for executive search service providers. It is a challenge for new entrants without sufficient market relationship with industry personnel.
- **Expertise and knowledge of consultants:** Strong industry knowledge is required for consultants for executive search services which raises the barrier for new entrants with limited market experience.
- **Client relationship:** Enterprises tend to engage the same service providers once a relationship is built. The reluctance to engage other service providers poses huge barrier for new entrants who are looking to building new client relationship.
- **Employee loyalty:** Enterprises are hesitant to adopt contract staffing where loyalty and morale of the staff to the company are hard to build, thereby limiting the growth and entry of new players to temporary and contract staffing services.
- **Capital:** Investment at the startup of the HR outsourcing and executive service business is needed to recruit experienced consultants, which set an entry barrier to the industry; but the impact is low because one to two such experts can start up the business.

Market Position and Opportunity and Threats for HR Consultancy Solution and Service Industry in Hong Kong

Factors Affecting the Ranking

Cost control, increasing business operation cost, variety of services and level industry knowledge affect the ranking of HR outsourcing and executive search service providers in Hong Kong.

- All service providers strive to control cost by measuring the productivity of their services. Increase in productivity for each consultant could enhance the competitiveness of service providers.
- The increasing operation cost including rental and wage costs are raising difficulty for business operation. Cost effectiveness is necessary for service providers to sustain their business.
- As competition in the industry intensifies, service providers are opting to expand their service range by covering other business areas, in order to enhance the value for each engagement.

INDUSTRY OVERVIEW

- As service providers strive to become total solution providers, HR outsourcing and executive search service providers with greater number of experts in different industries and service sectors can build up reputation and stand out in the market.

Opportunities and threats

Market opportunities

- The booming economy in China gives rise to demand for outsourcing services and creates ample opportunities for HR outsourcing and executive search service providers in Hong Kong.
- The increasing number of local and multinational companies setting up offices in Hong Kong, as a gateway to enter China market, will give rise to opportunities for HR outsourcing and executive search services in Hong Kong.
- The number of enterprises, without presence in China or Hong Kong, setting up offices in Hong Kong increased from about 5,715 to 6,143 from 2007 to 2011, as a means to enter the China market.

Market threats

- High rental and wage costs in Hong Kong present stiff challenges for business operations in Hong Kong and reduce profit margin of HR outsourcing and executive search service providers in Hong Kong. Hong Kong faces challenges in losing its competitive edge to countries with lower operation cost, such as China. This poses threats to the future development of HR outsourcing and executive search service in Hong Kong as business confidence hampers.
- The HR outsourcing and executive search service market in Hong Kong is highly sensitive to economic factors. The Europe sovereign debt crisis in 2011 creates market uncertainty and weakens investors' confidence in setting up new businesses or expanding existing businesses.

OVERVIEW OF HR CONSULTANCY SOLUTION AND SERVICE MARKET IN CHINA

Retained search service market is dominated by multi-national players while contingency search service providers also consists of local well-established companies in China

Executive search (headhunting)

Executive search services in China mainly assist enterprises to search for senior and high executive level candidates

- With the growth of the Chinese economy, there are increasing multinational enterprise to establish branches in China. These enterprises, particularly foreign-invested enterprises have high need to search for senior and high executive level candidates who are familiar with Chinese market.

INDUSTRY OVERVIEW

- It is estimated that there are about 950 executive search companies in China; there are two types of executive search service providers in China, retained search service providers and contingency search service providers:
 - **Retained search service providers** mainly assists multi-national and fortune 500 companies to recruit executives and senior level management positions.
 - A retained search service provider charge about 30% of the candidate's annual salary package. High-end multinational players usually charge higher at a minimum of US\$60,000 for each job position. They charge about 30% of the total charge upfront at the start of the search. They mainly search for senior management level positions with an annual salary package of over US\$300,000 or chief executive level positions with an annual salary package of over US\$1,000,000.
 - **Contingency search service providers** mainly assists domestic enterprises to recruit senior level management positions or multi-national companies to recruit mid-level management or specialists positions. They mainly search for positions with an annual salary package of RMB200,000 (about US\$30,953) to RMB1,500,000 (about US\$232,144).
 - Contingency search service providers consist of multi-national players and local well established players.
- There are also executive search service providers only search for a particular industry.

Note: Currency exchange of US\$1 = RMB6.4615 in 2011

The web-based HRM solution generally are adopted to facilitate the daily operation and management of human resources in China

Web-based HRM solution

The web-based human resources management (HRM) solution has been introduced to China to facilitate the daily operation and management work of human resources

- The package of web-based HRM solution commonly offered in China mainly includes installation of software system, training to the system user and after sales services such as maintenance.
- The software system helps enterprises to increase the efficiency of the human resources department by developing an electronic payroll system, such as calculating staff working hours and salary adjustment advisory tools base on staff performance; maintaining human resources records such as headcount database, resumes and staff insurance. It could also perform the HR cost analysis function and is capable of generating different types of reports for managers in support of their decision making.

INDUSTRY OVERVIEW

- As human resources practice in China is relatively different from that of other countries, most foreign web-based HRM solution service providers have to be customised before fitting the Chinese market.

The market of web-based HRM solutions in China are classified into three segments: High-end, middle-end and low-end

- High-end segment mainly target foreign enterprises, local large enterprise and state-owned enterprises. This market segment is dominated by foreign service providers.
- Middle-end segment and low-end segments offer lower priced solutions which mainly target local enterprises and SMEs. These two market segments are dominated by local service providers.

MARKET SIZE OF HR CONSULTANCY SOLUTION AND SERVICE INDUSTRY IN CHINA

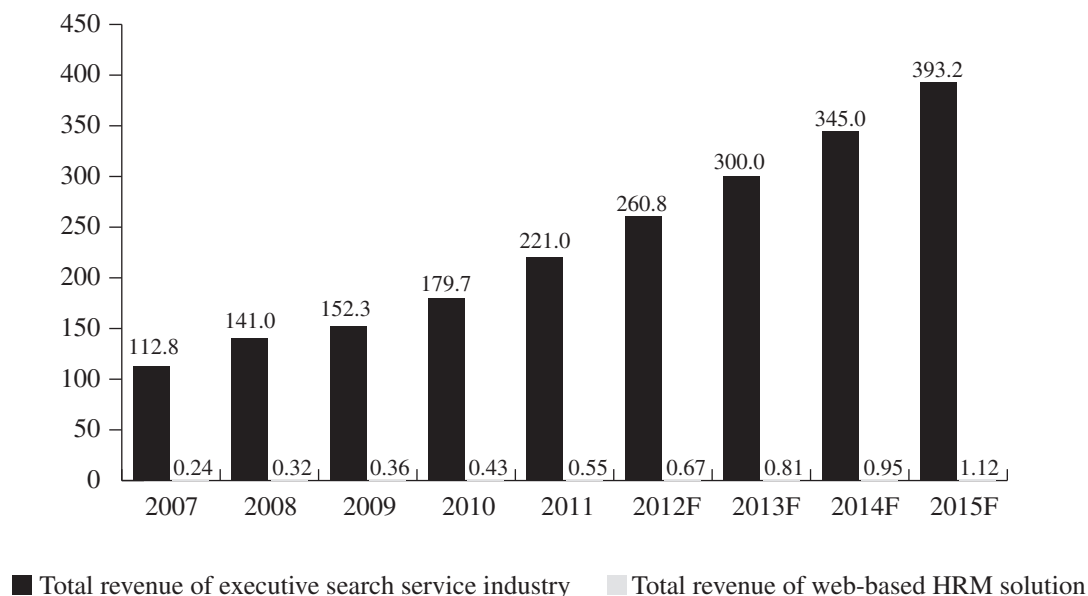
The executive search service and web-based HRM solution market in China grew dramatically in the past 5 years

Market Size of Executive Search Services and Web-based HRM Solution in China from 2007 to 2015

CAGR of total revenue of executive search service market in China
from 2007 to 2015 = 16.9%

CAGR of total revenue of web-based HRM solution in China
from 2007 to 2015 = 21.5%

HK\$ in billion



Sources: Ipsos interviews and analysis

INDUSTRY OVERVIEW

- The total revenue of executive search service market in China grew at a CAGR of about 18.3% from 2007 to 2011.
 - Multinational and fortune 500 companies opened new branches in China or relocated their Asia headquarter to China, this causes the increase in the market value for HR outsourcing and executive search services in China.
 - With the rapid economic development of second-tier cities, increasing number of enterprises established branches there. The expansion of enterprises will increase the demand for HR consultancy service, which drove the increase in the demand for executive search services at about 23% in 2011, compared to 2010 in terms of revenue.
- The total revenue of executive search service market and web-based HRM solution market in China are expected to grow at CAGR of about 14.7% and 18.7% respectively from 2012 to 2015.
 - With the national 12th Five Year Plan to support the development of SMEs in China, the increase number of enterprises will drive the demand for HR outsourcing services.
 - Service providers offered more comprehensive service such as HR consulting will increase the total revenue of the market.

TRENDS AND DEVELOPMENT OF HR CONSULTANCY SOLUTION AND SERVICE INDUSTRY IN CHINA

Comprehensive solution offering and penetrating into second-tier cities are the two key future trends for executive search service industry in China

One stop total solution

Executive search service providers in China not only offer executive search services to enterprises, but also consulting services such as salary package advisory, talent training packages and HR policy advisory

- In order to provide customers with one stop total solution and enhance the value per engagement, increasing number of service providers are offering services such as management consulting services, HR market research and HR outsourcing.
 - Local service providers launched HR management consulting service in order to expand their business and compete with multinational and foreign players.
- Retained search service providers are also actively developing new business opportunity by extending their markets into middle level management positions to expand their market opportunities. Some service providers even assist multinational enterprises and well-known local enterprises to launch campus recruitment event for fresh graduates.

INDUSTRY OVERVIEW

Expansion into second-tier cities

Executive search service providers are increasing their penetration into second-tier cities as a way to grow their market share

- There is huge demand for executive search service in second-tier cities, particularly Wuhan, Chengdu and Chongqing where the economies have undergone rapid development. An increasing number of multinational enterprises and domestic well-known enterprises are establishing their branches in these cities in recent years.
- It is difficult to find the right candidate for a senior or executive level position in second-tier cities due to the insufficient talent pool. Hence, more enterprises entering into second-tier cities prefer using executive search services for recruiting the right candidate.

OVERVIEW OF HR CONSULTANCY SOLUTION AND SERVICE MARKET IN SINGAPORE

Executive search service market in Singapore was fragmented, with over 1,100 players

Executive search (headhunting)

Executive search service providers mainly help enterprises to fill specific mid-to-high level professional positions in Singapore

- With increasing international enterprises choosing Singapore as their regional office in Asia, there is increased competition to recruit well qualified professionals. In the competitive market, many enterprises are outsourcing recruitment to external service providers to focus more on their core-operation.
- In 2011, there were over 1,100 executive search service providers in Singapore. The market was fragmented and multi-national players was estimated to account for about 6% of the total number of executive search service providers in Singapore. These service providers mainly provide comprehensive services, including management consultancy, recruitment and placement for enterprises.
- There are two types of executive search service providers in Singapore, retained search service providers and contingency search service providers:
 - **Retained search service providers** mainly assists enterprises across a diverse group of industries to recruit executives, with a particular focus on senior management roles and regional leaders.
 - Retained search service providers typically work on specific engagement under exclusive contracts with their clients.

INDUSTRY OVERVIEW

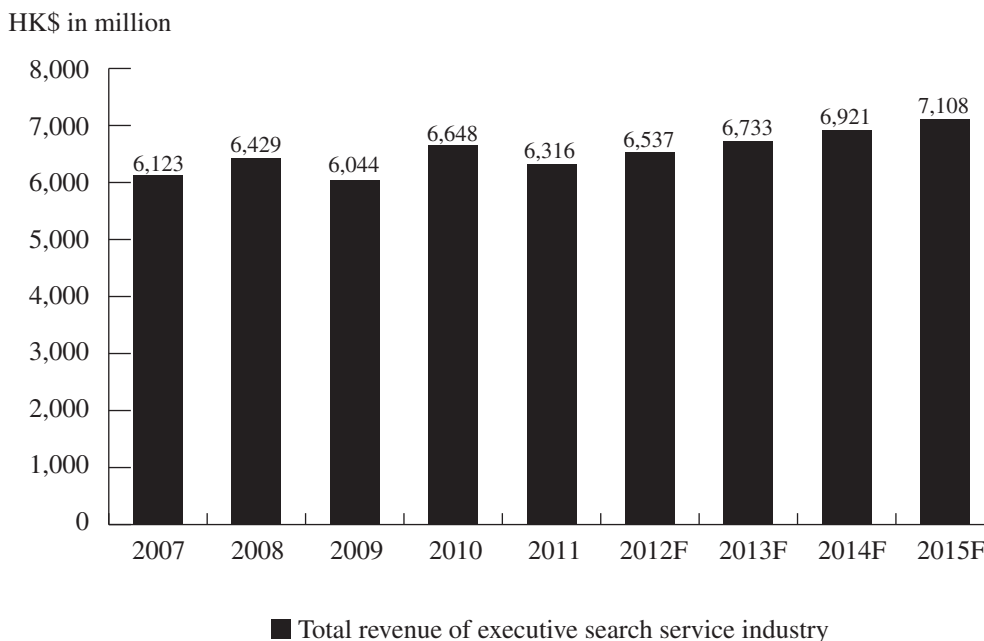
- **Contingency search service providers** mainly assists enterprises in recruiting mid-level management or specialists' positions.
 - The services are usually paid upon the success of recruitment while some are charged a set-up or advertising fee up-front to secure profit. Each assignment takes an average of 3 months to complete.
- Upon completion of each assignment, follow-up services would be initiated by executive search service providers to discuss the work performance of the new join to guarantee clients are satisfy with their services.
- Network and experience are key success factors for executive search service providers in Singapore.
- Key executive search service providers have broadened their service offerings beyond search to services in the leadership and talent-management space.

MARKET SIZE OF HR CONSULTANCY SOLUTION AND SERVICE INDUSTRY IN SINGAPORE

Regional positioning of Singapore has caused the stable growth of executive search services

Market Size of Executive Search Services in Singapore from 2007 to 2015

CAGR of total revenue of executive search service market in Singapore from 2007 to 2015 = 1.9%



Sources: Ipsos interviews and analysis

INDUSTRY OVERVIEW

- The total revenue of executive search service market in Singapore grew at a CAGR of about 0.8% from 2007 to 2011.
 - As a regional hub of Asia Pacific, especially for Southeast Asia, HR executive search service in Singapore was effected by the economic situations not only in Singapore, but also from other Southeast Asian countries.

TRENDS AND DEVELOPMENT OF HR CONSULTANCY SOLUTION AND SERVICE INDUSTRY IN SINGAPORE

HR executive search service providers in Singapore are actively expanding their database globally and widening service scope to enlarge their market share and increase profitability

Developing global database

The executive search service providers in Singapore are expanding their database to cover global talents

- The competitive job market in Singapore and high requirements on candidates have increased the difficulty of sourcing for executive search service providers in Singapore.
- Executive search service providers are actively expanding their search capability from regional to global talents, so that they can increase their profitability.
- Multinational service providers in particular are leveraging on their global presence and identifying candidates globally to fill specific senior executive roles.

Widening of service scope

Executive search service providers in Singapore are widening their service scope beyond purely executive search to high-value professional consulting services, in order to increase profitability

- Executive search service providers are seeing greater importance on helping enterprises develop and retain their employees, rather than purely executive search.
- To enlarge their market share and increase profit, executive search service providers, especially those large retained executive search service providers are integrating leadership consulting services into their original executive search services.
- Top players in the industry are changing their market position from executive search service providers to talent-management solution providers, in order to outstand in Singapore market.

INDUSTRY OVERVIEW

- Executive search service providers are widening their service scopes to include high value services such as leadership advisory services, management assessment and appraisal.

ASSUMPTIONS IN THE STUDY

- The Hong Kong economy is assumed to maintain a steady growth during the forecast period.
- It is assumed that there is no force majeure event such as natural disasters or outbreak of diseases which may affect the demand and supply of HR outsourcing service and executive search service in Hong Kong over the forecast period.
- The forecast Hong Kong dollar value is based on the current Hong Kong dollar value in 2011, with inflation factor input to the forecasting model.

REGULATORY OVERVIEW

This section provides a brief summary of some of the key areas of the regulatory regime in Hong Kong, the PRC and Singapore which are relevant to our business operation, and they are by no means exhaustive. Investors should not place undue reliance on the statements in this section. You should consult your own advisers about the contents referred to in this section.

HONG KONG LAWS AND REGULATIONS

Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employment Agency Regulations (Chapter 57A of the Laws of Hong Kong)

Wages

Definition

“Wages” means all remuneration, earnings, allowances, tips and service charges, however designated or calculated, payable to an employee in respect of work done or work to be done. Allowances including travelling allowances, attendance allowances, commission and overtime pay are within the definition of wages. However, it does not include:

- (a) the value of any accommodation, education, food, fuel, water, light or medical care provided by the employer;
- (b) employer’s contribution to any retirement scheme;
- (c) commission, attendance allowance or attendance bonus which is of a gratuitous nature or is payable only at the discretion of the employer;
- (d) non-recurrent travelling allowance or the value of any travelling concession or travelling allowance for actual expenses incurred by the employment;
- (e) any sum payable to the employee to defray special expenses incurred by him/her by the nature of his/her employment;
- (f) end of year payment, or annual bonus which is of a gratuitous nature or is payable only at the discretion of the employer; and
- (g) gratuity payable on completion or termination of a contract of employment.

An employee’s entitlements to end of year payment, maternity leave pay, severance payment, long service payment, sickness allowance, holiday pay, annual leave pay and wages in lieu of notice are calculated according to the above definition of wages.

Overtime pay should also be included in calculating the above payments if it is of a constant character or its monthly average over the past 12 months is not less than 20% of the average monthly wages of the employee during the same period.

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Payment of wages

Wages shall become due on the expiry of the last day of the wage period. An employer should pay wages to an employee as soon as practicable but in any case not later than seven days after the end of the wage period. An employer is required to pay interest on the outstanding amount of wages to the employee if he/she fails to pay wages to the employee within seven days when it becomes due.

In *Ng Chiu Kow and Another v Chan Sau Lin (trading as Pang Lee Transportation Co.)*, the Court of First Instance found that “wage period” refers to the period in respect of which wages under a particular contract of employment are payable. There is a rebuttable presumption that the wage period is one month. However, the Employment Ordinance does not provide for what wages are payable in respect of a particular period of employment, which must depend on what wages have been earned, have accrued, or have become payable within that period of time. It is a matter of contract for the employer and the employee to agree under what circumstances the wages are payable. Leaving sham agreements aside, the Employment Ordinance leaves it to the parties to agree between themselves under what circumstances or when wages are or shall become payable, based on which one may work out what wages are payable in respect of a particular period of employment, i.e. the wage period.

Offences and penalties

An employer who wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due is liable to prosecution and, upon conviction, to a fine of HK\$350,000 and to imprisonment for three years.

An employer who wilfully and without reasonable excuse fails to pay interest on the outstanding amount of wages to the employee is liable to prosecution and, upon conviction, to a fine of HK\$10,000.

Failure to pay wages

An employer who is no longer able to pay wages due should terminate the contract of employment in accordance with its terms.

If wages are not paid within one month after they become due, an employee may deem his/her contract of employment to be terminated by his/her employer without notice and is entitled to wages in lieu of notice in addition to other statutory and contractual termination payment. To avoid disputes, an employee should inform his/her employer when he/she exercises such rights under the Employment Ordinance.

Employment agency

Under the Employment Ordinance, “employment agency” means a person who operates a business the purpose of which is:

- (a) to obtain employment for another person; or

REGULATORY OVERVIEW

- (b) to supply the labour of another person to an employer,

whether or not the person who operates the business will derive any pecuniary or other material advantage from either the employer or such other person.

The Employment Ordinance applies to all employment agencies in Hong Kong except those which are:

- (a) carried on or subvented by the Government of Hong Kong;
- (b) carried on under the Merchant Shipping (Seafarers) Ordinance (Chapter 478 of the Laws of Hong Kong);
- (c) carried on by employers solely for employing persons for themselves;
- (d) carried on by contractors or sub-contractors who employ people on work for others;
- (e) non-profit making and carried on by the proprietors of publications; or
- (f) non-profit making and carried on by a recognised educational institution solely for the employment of the students or graduates of that educational institution.

The operator of an employment agency must obtain a licence or certificate of exemption from the Commissioner for Labour.

Section 53 of the Employment Ordinance stipulates that the Commissioner for Labour may refuse to issue or renew a licence, or may revoke a licence, if he is satisfied on reasonable grounds:

- (a) that the name under which the employment agency is operated or is intended to be operated:
 - (i) is identical with the name of another employment agency which is being, or has been, carried on by another person; or
 - (ii) so nearly resembles the name of another employment agency as to be likely to deceive the public;
- (b) that the employment agency is being, or is likely to be, used for unlawful or immoral purposes; or
- (c) that the person operating, or intending to operate, the employment agency:
 - (i) is an undischarged bankrupt;

REGULATORY OVERVIEW

- (ii) has, within the preceding 5 years, been convicted of an offence against the person of a child, young person or woman or of an offence involving membership of a triad society, fraud, dishonesty or extortion;
- (iii) has knowingly furnished to the Commissioner for Labour any false or misleading information in connection with his/her application for the issue or renewal of the licence;
- (iv) has contravened any provision of Part XII of the Employment Ordinance or any regulation made under section 62 of the Employment Ordinance; or
- (v) is not, for any other reason, a fit and proper person to operate an employment agency.

The licence is valid for 12 months from the date of issue. A duplicate licence is required for each branch office of an employment agency. Such licence (including main and duplicate licences) must be displayed in a conspicuous position at the place of business of an employment agency. An application for the issue of a licence must be made to the Commissioner for Labour in the prescribed form not later than one month before the applicant intends to commence business. An application for the renewal of a licence must be made in the prescribed form at least two months before the licence expires.

An application for exemption must be made in the prescribed form to the Commissioner for Labour who may grant exemption to an employment agency if he is satisfied that it is non-profit making and should, in the public interest, be so exempted. The Commissioner for Labour may withdraw an exemption granted if he is satisfied that the employment agency has ceased to be non-profit making or should not be so exempted in the public interest.

A licensee has to maintain a record showing particulars of every person who registers with his/her employment agency for employment. This record:

- (a) should contain the person's name, address, Hong Kong identity card number (in the case of a non-resident, passport number and citizenship), fee and commission received, date of employment and name and address of employer (if the collection of the above personal data is for the purpose of complying with the Employment Ordinance, it would not constitute a breach of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong));
- (b) must be retained for a period of not less than 12 months after the expiration of each accounting year of the employment agency;
- (c) must be made available for inspection by the Commissioner for Labour or any public officer authorised by him at all times at the place of business of his/her employment agency.

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A licensee must not by any means:

- (a) receive from a job applicant, in connection with obtaining employment for him/her, any fees or reward (except the prescribed commission);
- (b) share with any person, other than another licensee or a partner or shareholder in his/her employment agency, the prescribed commission;
- (c) enter, except with the written permission of the Commissioner for Labour, into an agreement, express or implied, with an employer whereby:
 - (i) the employer undertakes to employ only persons who seek employment through the licensee's employment agency; and
 - (ii) the licensee agrees to pay or give to the employer some form of material benefit; and
- (d) lend, transfer or assign his/her licence to another person.

The maximum commission which may be received by an employment agency from each job-seeker is an amount not exceeding 10% of his/her first month's wages received after he/she has been successfully placed.

The Second Schedule to the Employment Agency Regulations showing the maximum commission which may be received by an employment agency must be displayed at all times in a conspicuous position at the place of business of the employment agency.

Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong)

The Unsolicited Electronic Messages Ordinance (the "UEMO") prohibits professional spamming activities such as the use of unscrupulous practices to reach out to more recipients and fraudulent activities in relation to sending commercial electronic messages. Under section 2 of the UEMO, electronic messages are defined as electronic messages with purposes, or one of the purposes of, which is, among others, to offer or supply goods, services, facilities, land, business opportunity, or advertise or promote a supplier of goods, services, facilities, land, business opportunity etc., in the course of or in the furtherance of any business. Any form of electronic messages sent over a public telecommunications service to an electronic address is regulated under the UEMO, including email, fax, short messaging service/multimedia messaging service, pre-recorded voice/video messages. However, person-to-person interactive calls are exempted. However, messages of the following nature are exempted from application of the entire UEMO:

- (a) person-to-person telemarketing calls; and
- (b) sound broadcasting or television programme services.

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Liability of employers and employees

In relation to the staff outsourcing services provided by our Group, the employer-employee relationship lies between our Group and our outsourcing staff despite the fact that such staff are seconded to work at the requests of our clients. According to section 59 of the UEMO, any act done or conduct engaged in by the employee shall be treated as done or engaged in by his/her employer as well as by him/her, whether or not it was done or engaged in with the employer's knowledge or approval. However, it can serve as a defence if the employer can prove that he/she/it has taken practicable steps to prevent the employee from breaching the UEMO. As confirmed by our Directors, it is our Directors' understanding with our client that our Group is not required to ensure our outsourcing staff's compliance with the UEMO and its subsidiary legislation during their secondment to our client. Our Directors understand that our client has issued a compliance and control manual to our outsourcing staff covering the topic on telemarketing activities. To strengthen our outsourcing staff's compliance with the UEMO and its subsidiary legislation, our Group has also provided training materials to our outsourcing staff who are responsible for telemarketing activities to prevent them from breaching the relevant laws, rules and regulations.

Offences and penalties

Where the Communications Authority (an independent statutory body set up to regulate the broadcasting and telecommunications industries in Hong Kong and empowered to enforce the UEMO) is of the opinion that any person is contravening any provision of part 2 of the UEMO which prescribes rules about sending commercial electronic messages, or has contravened in circumstances which make it likely that the contravention will continue or be repeated, it may serve an enforcement notice to the relevant person requiring him/her/it to take remedial action as specified. A person who fails to comply with an enforcement notice commits an offence. On the first conviction, the offender may attract a level 6 fine (currently at HK\$100,000). On a second and subsequent conviction, the offender may attract a fine up to HK\$500,000. For continuing offence, a further daily fine of HK\$1,000 for each day can be imposed.

Under part 3 of the UEMO, a sender is prohibited to use unscrupulous techniques to reach out to more recipients. It is an offence to:

- (a) supply, acquire or use address-harvesting software or harvested-address lists for sending commercial electronic messages without the recipients' consent;
- (b) send commercial electronic messages to electronic addresses obtained using automated means;
- (c) use scripts or other automated means to register for multiple email addresses; and
- (d) knowingly send commercial email messages through open relays or open proxies so as to hide the source of the message.

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These offences would be prosecuted in court and subject to a fine at level 6 (currently at HK\$100,000) and imprisonment up to two years (no imprisonment term for offences relating to address-harvesting) on summary conviction, or a fine up to HK\$1,000,000 and imprisonment for up to five years on conviction on indictment.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)

The Personal Data (Privacy) Ordinance (the “**PDPO**”) covers any data relating directly or indirectly to a living individual (data subject), from which it is practicable to ascertain the identity of the individual and which are in a form in which access or processing is practicable. It applies to data user, i.e. any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

In collecting, holding, processing and using job applicants’ personal data, the licensee must comply with the Data Protection Principles of the PDPO, which are:

Principle 1 – Purpose and manner of collection. This provides for the lawful and fair collection of personal data and sets out the information a data user must give to a data subject when collecting personal data from that subject.

Principle 2 – Accuracy and duration of retention. This provides that personal data should be accurate, up-to-date and kept no longer than necessary.

Principle 3 – Use of personal data. This provides that unless the data subject gives consent otherwise personal data should be used for the purposes for which they were collected or a directly related purpose.

Principle 4 – Security of personal data. This requires appropriate security measures to be applied to personal data (including data in a form in which access to or processing of the data is not practicable).

Principle 5 – Information to be generally available. This provides for openness by data users about the kinds of personal data they hold and the main purposes for which personal data are used.

Principle 6 – Access to personal data. This provides for data subjects to have rights of access to and correction of their personal data.

The PDPO provides specific exemptions from its requirements. They include:

- (a) a broad exemption from the provisions of the PDPO for personal data held for domestic or recreational purposes;
- (b) exemptions from the requirements on subject access for certain employment related personal data; and

REGULATORY OVERVIEW

- (c) exemptions from the subject access and use limitation requirements of the PDPO where their application is likely to prejudice certain competing public or social interests, such as security, defence and international relations; prevention or detection of crime; assessment or collection of any tax or duty; news activities; and health.

According to section 65 of the PDPO, any act done or conduct engaged in by the employee shall be treated as done or engaged in by his/her employer as well as by him/her, whether or not it was done or engaged in with the employer's knowledge or approval. However, it can serve as a defence if the employer can prove that he/she/it has taken practicable steps to prevent the employee from breaching the PDPO. Our Directors understand that our client has issued a compliance and control manual to our outsourcing staff covering the topic on protection of privacy of personal data. To strengthen our outsourcing staff's compliance with the PDPO, our Group has also provided training materials to our outsourcing staff who are responsible for telemarketing activities to prevent them from breaching the relevant laws, rules and regulations.

The Personal Data (Privacy) (Amendment) Ordinance 2012 (the "**2012 Amendment**") which was passed by the Legislative Council and gazetted on 6 July 2012, was drafted to enhance the protection of personal data privacy of individuals. The amendments will be introduced in three phases where the provisions relating to direct marketing are expected to take effect in the first half of year 2013.

Under the 2012 Amendment, the offering, or advertising of the availability, of goods, facilities or services through making telephone calls to specific persons is treated as "direct marketing".

Major provisions pertaining to the use of personal data for direct marketing purposes are summarised below:

Data user to take specified action before using personal data in direct marketing

Pursuant to sections 35C and 35J of the 2012 Amendment, a data user who intends to use or provide the personal data of a data subject to others for use in direct marketing should inform the data subject of certain prescribed information and provide the data subject with a response channel through which the data subject may indicate whether he/she objects to the intended use or provision. Data users will have to present the prescribed information in a manner which is easily readable and understandable. Such prescribed information includes the kinds of personal data to be used or provided, the classes of marketing subjects in relation to which the data is to be used for direct marketing, and, where appropriate, the classes of persons to which the data is to be provided for direct marketing purpose. If the personal data is to be provided for gain, the data user must inform the data subject the data is to be so provided.

However, such a requirement for a data user to notify the data subject of his/her/its intention to use the latter's personal data in direct marketing under the new regulatory regime will not apply to the personal data which the data user has, before the entry into force of the

REGULATORY OVERVIEW

new provisions, used in direct marketing in compliance with the existing requirements under the original ordinance provided that such personal data is used in relation to the same class of marketing subjects as it has been so used before the commencement of the new provisions of the 2012 Amendment.

Data user must not use or provide personal data to others for use in direct marketing without data subject's consent or indication of no objection

A data user can only use or provide a data subject's personal data to others for use in direct marketing if he/she/it has provided the prescribed information and response channel to the data subject and received a reply from the data subject indicating that the data subject consents or does not object to the data user doing so.

Data subject may require data user to cease to use or provide personal data to others for use in direct marketing

A data user must comply with a data subject's request at any time to cease to provide the data subject's personal data to others for use in direct marketing, and to notify any person to whom the data subject's personal data has been so provided to cease to use the data in direct marketing.

Exemptions

The offering or advertising of social or health care services by certain service providers to a data subject is exempt from the new requirements unless the data subject's personal data is provided to another person for use in direct marketing for gain. Such service providers to which the exemption applies include public bodies such as the Social Welfare Department, the Hospital Authority or the Department of Health.

Penalties

Breaches of the requirements by data users under the new regulatory regime are offences. For those contraventions involving the provision of personal data for gain, the maximum penalty is a fine of HK\$1,000,000 and imprisonment for five years. For other contraventions, the maximum penalty is a fine of HK\$500,000 and imprisonment for three years. Under the 2012 Amendment, the maximum penalty for failure of a data user to notify a data subject of his opt-out right when using personal data in direct marketing for the first time has been raised from a fine of HK\$10,000 to a fine of HK\$500,000 and imprisonment for three years.

As confirmed by our Directors, our Group does not control the collection, holding, processing or use of the personal data and therefore does not fall within the definition of "data user" under the Personal Data (Privacy) Ordinance. As such, our Directors do not expect that the 2012 Amendment will have any material impact on the telemarketing activities of our outsourcing staff.

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Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance establishes a statutory minimum wage regime aimed at striking an appropriate balance between forestalling excessively low wages and minimising the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness.

Statutory minimum wage becomes effective on 1 May 2011 and the initial statutory minimum wage rate is HK\$28 per hour. With effect from 1 May 2013, the rate will be increased to HK\$30 per hour. In essence, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage rate.

Statutory minimum wage applies to all employees, whether they are monthly-rated, daily rated, permanent, casual, full-time, part-time or other employees, and regardless of whether or not they are employed under a continuous contract as defined in the Employment Ordinance, with the following exception:

- (a) persons to whom the Employment Ordinance does not apply;
- (b) live-in domestic workers, irrespective of their sex or race; and
- (c) student interns as well as work experience students during a period of exempt student employment.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault, non-contributory employee compensation system for work injuries. Major provisions of the Employees' Compensation Ordinance are:

Application

- (a) An employer is liable to pay compensation in respect of injuries sustained by his/her/its employees as a result of an accident arising out of and in the course of employment; or in respect of occupational diseases specified in the Employees' Compensation Ordinance suffered by the employees.
- (b) The Employees' Compensation Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by local employers.

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Major compensation items

Compensation for death

Age of deceased employee	Amount of compensation
under 40	84 months' earnings or minimum amount of compensation, whichever is higher
40 to under 56	60 months' earnings or minimum amount of compensation, whichever is higher
56 or above	36 months' earnings or minimum amount of compensation, whichever is higher

Funeral and medical attendance expenses in fatal cases

Any person who has paid funeral and/or medical attendance expenses on an employee who died in a work-related accident is entitled to claim reimbursement from the employer of the deceased employee of such expenses not exceeding HK\$70,000.

Compensation in cases of permanent total incapacity

Compensation payable for permanent total incapacity resulting from a work injury is calculated with reference to the age and monthly earnings of the injured employee:

Age of injured employee	Amount of compensation
under 40	96 months' earnings or minimum amount of compensation, whichever is higher
40 to under 56	72 months' earnings or minimum amount of compensation, whichever is higher
56 or above	48 months' earnings or minimum amount of compensation, whichever is higher

Where permanent partial incapacity results from the injury, the amount of compensation is a percentage of the compensation payable for permanent total incapacity as is proportionate to the loss of earning capacity caused by the injury.

$$\text{Amount of compensation due to permanent total incapacity} \times \text{Percentage of permanent loss of earning capacity}$$

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Periodical payment

- (a) An employee is entitled to receive periodical payments during the period of temporary incapacity (sick leave) up to 24 months. The payment should be calculated as follows:

$$\left[\left(\begin{array}{l} \text{Monthly earnings at the} \\ \text{time of the accident} \end{array} - \begin{array}{l} \text{Monthly earnings} \\ \text{after the accident} \end{array} \right) \right] \times 4/5$$

- (b) If the employee's temporary incapacity lasts more than 24 months, he/she may apply to the court for an extension of his/her entitlement for the payment. The extended period shall not be longer than 12 months.

Medical expenses

The daily maximum of medical expenses payable by the employer are as follows:

- (a) the medical expenses for each day of stay in the hospital where an employee is given medical treatment as an in-patient: HK\$200
- (b) the medical expenses for each day on which an employee is given medical treatment other than as an in-patient in a hospital: HK\$200
- (c) the medical expenses for each day on which an employee is given medical treatment both as an in-patient in a hospital and other than as an in-patient in a hospital: HK\$280

Compulsory insurance

An employer must be in possession of a valid insurance policy to cover his/her/its liabilities both under the Employees' Compensation Ordinance and at common law for the work injuries for his/her/its employees.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. It is basically an enabling ordinance setting out requirements in general terms.

Coverage

This ordinance covers almost all workplaces – places where employees work. In addition to factories, construction sites and catering establishments, other places, such as offices, laboratories, shopping arcades, educational institutions also come under the ambit of the law.

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Roles of the dutyholders

Under this ordinance, everyone has a role to play in creating a safe and healthy workplace.

- (a) Employers should contribute to safety and health in their workplaces by:
- providing and maintaining plant and work systems that do not endanger safety or health;
 - making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
 - providing all necessary information, instruction, training, and supervision for ensuring safety and health;
 - providing and maintaining safe access to and egress from the workplaces; and
 - providing and maintaining a safe and healthy work environment

- (b) Occupiers of premises should take responsibility for ensuring

- the premises;
- the means of access to and egress from the premises; and
- any plant or substance kept at the premises

are safe and without risks to health to any person working on the premises, even if they do not directly employ that person on the premises.

- (c) Employees should also contribute to safety and health in the workplaces by:

- taking care for the safety and health of persons at the workplace; and
- using any equipment or following any system or work practices provided by their employers.

As such, our clients receiving the staff outsourcing services, as occupiers of the premises where our outsourcing staff are working at, are also responsible for creating a safe and healthy workplace for our outsourcing staff.

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Enforcement of the ordinance

The Commissioner for Labour is empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with the notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

Occupational Safety and Health Regulation

The Occupational Safety and Health Regulation, made under the above ordinance, sets down some basic requirements for accident prevention, fire precaution, workplace environment control, hygiene at workplaces, first aid, as well as what employers and employees are expected to do in manual handling operations. The main provisions of the Regulation are:

To prevent accidents by:

- ensuring that the plant is properly designed, constructed and maintained and that all dangerous parts are effectively guarded;
- ensuring that all dangerous areas are securely fenced.

To prevent fire by:

- providing illuminated 'EXIT' signs over all exits and clear directions to them;
- keeping all means of escape in a safe condition and free from obstruction;
- making sure that all exit doors can easily be opened from inside the workplace or are unlocked;
- providing suitable and adequate fire safety measures.

To provide a safe and healthy work environment by:

- keeping the workplace clean and ensuring that it is adequately lit and ventilated;
- providing adequate drainage.

To ensure hygiene by:

- providing adequate lavatory and washing facilities, as well as adequate supply of drinking water.

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To provide first aid by:

- keeping adequate first aid facilities on the premises and appointing designated employees to look after them.

To ensure safe manual handling operations by:

- assessing and reviewing risks to the safety and health of employees who undertake manual handling operations;
- providing proper training and other necessary protective measures for employees who undertake manual handling operations.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Coverage

The MPF is an employment-based retirement protection system. Except for certain exempt persons, if a person is an employee or is self-employed, is aged 18 to aged below 65, and is normally residing and working in Hong Kong, he/she is required to join an MPF scheme.

Relevant employee

An employer is statutorily obliged to enrol an employee in one of the registered MPF schemes available in the market. These include master trust schemes, employer-sponsored schemes and industry schemes.

Employer

Except for exempt persons, an employer required to enrol both full-time and part-time employees in a registered MPF scheme. All employees aged 18 to aged below 65 and employed for 60 days or more must be enrolled in a scheme.

An employer may select one or more MPF schemes available in the market and enrol his/her/its employees in these schemes. An employer is required to display the participation certificate issued by the MPFA.

Contributions

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee, subject to the maximum and minimum levels of income (currently HK\$25,000 and HK\$6,500 per month respectively), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250. However, an employee is not required to make contributions for the first 30 days of his/her new employment and the following incomplete

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contribution period or if his/her monthly income is less than HK\$6,500 per month. An employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (currently HK\$25,000 per month). This amount will immediately be vested in an employee as his/her accrued benefits in the scheme.

“Relevant income” refers to all payments in monetary terms given to employees, including wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (including housing allowance and other housing benefit), but excluding severance payments and long service payments.

Both an employer and an employee can opt to make extra voluntary contributions in addition to the mandatory contributions.

Obligations of employers

If the payroll cycle is more frequent than monthly, an employer must still make contributions for his/her/its employees within the first 10 days of the following month.

When remitting payments, an employer must provide the MPF service provider with a remittance statement showing the relevant income and amount of contribution of each employee.

An employer must also provide each employee with a monthly pay-record showing the employee's relevant income and the amount of contributions (both the employer's and the employee's) within seven working days after the mandatory contributions are made.

Withdrawal of accrued benefits

There are circumstances under which accrued benefits may be paid before reaching the age of 65. They are:

- (a) early retirement at the age 60;
- (b) permanent departure from Hong Kong;
- (c) total incapacity;
- (d) death (note that the MPF will be regarded as part of the member's estate and can be claimed by the personal representative of estate);
- (e) small balance account of less than HK\$5,000, no contributions made to a scheme for 12 months, and declared not to become employed or self-employed within the foreseeable future.

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Enforcement Measures

To make enforcement action even more effective, the MPFA takes the following measures against non-compliant employers, including those who are found to have evaded payment of MPF contributions, deducted employer contributions from an employee's pay, or failed to enroll their employees in an MPF scheme:

(a) *Direct contact with employers*

When non-compliance is found via proactive inspections, employees' complaints or trustees' reports, the MPFA promptly contacts the employers concerned and urges them to rectify the situation. A 5% surcharge is imposed on default contributions. The MPFA follows up cases of non-compliance as soon as possible to protect scheme members' MPF interests.

(b) *Financial penalty*

Employers are required to perform their duties in accordance with the requirements specified in the Mandatory Provident Fund Schemes Ordinance. As empowered by the Mandatory Provident Fund Schemes Ordinance, the MPFA may impose financial penalties on non-compliant employers. The MPFA has stepped up its enforcement action against non-compliance. Employers failing to comply with the legislative requirements may be liable to financial penalty without any notice. Employers are reminded to take note of the following when handling MPF matters:

(i) Make contributions for relevant employees on time

An employer must ensure that contributions in respect of each relevant employee for each contribution period are paid to the approved trustee on or before the contribution day (i.e. the 10th day of the following month).

A non-complying employer is liable to a financial penalty of HK\$5,000 or 10% of the amount due, whichever is greater.

(ii) Provide monthly pay-records to scheme members (except for casual employees under an Industry Scheme)

An employer must give monthly pay-records to relevant employees not later than 7 working days after the contribution payment.

A non-complying employer is liable to a financial penalty of HK\$10,000 on the first occasion and up to HK\$50,000 for subsequent failures.

(iii) Notify the approved trustee of an employee's cessation of employment (except for casual employees under an Industry Scheme)

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An employer must inform the trustee in writing of an employee's cessation of employment and the date on which the employment ceased, or provide such information in the remittance statement for the contribution period that ends immediately following the employee's cessation of employment.

A non-complying employer is liable to a financial penalty of HK\$5,000 on the first occasion and up to HK\$20,000 for subsequent failures.

(c) Civil Claim and Criminal Prosecution

The MPFA may file a civil claim on behalf of employees to a court of competent jurisdiction to recover contributions in arrears and any surcharges. It may also initiate prosecution against employers, including their officers, directors and partners of the companies, who fail to comply with the Mandatory Provident Fund Schemes Ordinance.

- (i) An employer who fails to enroll his/her/its employees in an MPF scheme is liable to a maximum penalty of a fine of HK\$350,000 and imprisonment for three years.
- (ii) An employer who fails to pay contributions for his/her/its employees is liable to a maximum penalty of a fine of HK\$350,000 and imprisonment for three years.
- (iii) If the employer has also deducted the employee mandatory contributions from the wages of an employee but failed to pay them to the trustee, he/she/it is liable to a maximum penalty of a fine of HK\$450,000 and imprisonment for four years.
- (iv) Furthermore, if an employer provides false or misleading information in pay-records given to employees, he/she/it is liable to a maximum penalty of a fine of HK\$100,000 and imprisonment for one year on the first conviction; and to a fine of HK\$200,000 and imprisonment for two years on each subsequent conviction.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)

The Copyright Ordinance currently in force in Hong Kong has come into effect since 27 June 1997. The Copyright Ordinance as reviewed and revised from time to time provides comprehensive protection for recognised categories of literary, dramatic, musical and artistic works, as well as for films, television broadcasts and cable diffusion, and works made available to the public on the internet. Furthermore, performers of live performances and persons having exclusive recording contracts with performers are also entitled to protection.

There are no formalities required to obtain copyright protection for a work in Hong Kong. Works of authors from any place in the world, or works first published anywhere in the world, also qualify for copyright protection in Hong Kong.

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Through the application of many international copyright conventions in Hong Kong, i.e. the Berne Convention, Universal Copyright Convention, the Phonograms Convention, the World Trade Organisation – Agreement on Trade Related Aspects of Intellectual Property Rights, the World Intellectual Property Organisation (the “WIPO”) Copyright Treaty and the WIPO Performances and Phonograms Treaty, one’s work is also protected in most countries and territories in the world.

Ownership of copyright

The author of a work is the first owner of any copyright in it. For employee works, the employer is the first copyright owner unless alternative agreement has been made. In other words, the employer has the right to all works produced by his or her employees.

For commissioned works, the ownership of copyright depends on the agreement between the parties.

Protection of copyright

Civil remedies

A copyright owner can take civil legal action against any person who infringes the copyright in the work. The activities which the owner can prevent vary according to the various types of works, but essentially the owner has the exclusive right to copy the work and to distribute it to the public. The owner may seek all necessary relief against the infringer, such as an injunction to prevent further infringement, an order for delivery up of the infringing items, disclosure of information about the supply and/or dealings of the infringing items and an award for damages as well as costs.

The laws governing parallel importation of copies of copyright works have been liberalised after enactment of the relevant provisions of the Copyright (Amendment) Ordinance 2003 and the Copyright (Amendment) Ordinance 2007. Since 28 November 2003, the restriction on parallel importation has ceased to apply to articles containing a computer programme (commonly known as computer software products). However, if the principal attraction of a computer software product is musical sound or visual recordings, movies, television dramas, e-books, or a combination of them, the restriction continues to apply. Starting from 6 July 2007, there is no longer any civil and criminal sanction for end users to import or possess parallel imported copies of copyright works for use in business. However, parallel importation of copies of copyright works for any of the following purpose is still subject to civil or even criminal sanctions (see below):

- dealing in (i.e. selling, hiring or distributing for profit) such copies except computer software products; or
- (where such copies are movies, television dramas, musical sound recordings or musical visual recordings) playing or showing any such copyright work in public except by educational establishments or their libraries for educational purposes or library use.

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Anyone who manufactures or sells products for defeating technological copyright protection systems is also civilly liable. Border enforcement assistance to copyright owners by the Customs and Excise Department is also available.

Criminal Sanctions

The Customs and Excise Department is responsible for enforcing criminal aspects of copyright infringement. It has extensive powers of search and seizure in the investigation of alleged infringements, and has the power to confiscate suspected infringing copies whether or not a charge has been laid.

There are wide-ranging provisions in the law for criminal enforcement of copyright. Those who commit copyright piracy, such as making of or possession of infringing articles for trade or business, may be subject to a term of imprisonment of up to four years and a maximum fine of HK\$50,000 per infringing article.

Importing or exporting pirated articles is a criminal offence. It is also an offence to be involved in copyright piracy outside Hong Kong for the purpose of importation into Hong Kong. Those who manufacture equipment for copyright piracy may also be liable to a term of imprisonment of up to eight years and a maximum fine of HK\$500,000.

Dealing in parallel-imported copies of any copyright work (except computer software products), importing them for dealing, importing or possessing parallel-imported copies of movies, television dramas, musical sound recordings or musical visual recordings for playing or showing in public is a criminal offence during the 15 months commencing from the work's first publication anywhere in the world.

Making, importing, exporting or dealing in products for defeating technological copyright protection systems, or providing commercial services for enabling customers to defeat the same systems is a criminal offence. Any offender, upon conviction, is liable to a term of imprisonment of up to four years and a maximum fine of HK\$500,000.

During of copyright

The general rule is that copyright lasts until 50 years after the creator of the work dies. However, there are minor variations to this depending on the type of work.

Exceptions

To balance the rights of the owners and the society as a whole, there are exceptions in the law. A work will only be infringed if a substantial part is taken. This is a matter of quality rather than quantity.

Subject to conditions, fair dealing for research and private study, criticism, review and news reporting, for use of works in library and school are permitted. Yet photocopying an unreasonable amount of a book might constitute an infringement.

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PRC LAWS AND REGULATIONS

The Company Law

Company Law of the People's Republic of China (公司法) ("PRC Company Law") was promulgated by Standing Committee of the National People's Congress on 29 September 1993, and was revised by three times in 1999, 2004 and 2005 separately. On 1 January 2006, the latest amended PRC Company Law was come into force. The PRC Company Law regulated two types of the company: limited liability company and joint stock limited company (collectively, "PRC Company"). It provides that shareholders of a PRC Company shall assume liability towards the PRC Company to the extent of their respective capital contributions; a PRC Company shall be liable for its debts to the extent of all its assets. A limited liability company shall be incorporated by not more than fifty (50) shareholders. And to establish a joint stock limited company, there shall be not fewer than two but no more than two hundred sponsors, half of whom shall be domiciled in the PRC. The Company Law also stipulates the rules of incorporation, structure, share transfer, merger and division, increase and decrease of registered capital, dissolution and liquidation of PRC Company.

Regulations in relation to talent service agency

1. Provisions on the Administration of Talents Markets (人才市場管理規定) was jointly promulgated by Ministry of Personnel of the PRC and State Administration for Industry and Commerce of the PRC ("SAIC") on 1 January 2001 and was amended on 2005. According to this regulation, the ministry of human resources of the local government is in charge of the human resources market. The Provisions provided that to establish a talent service agency shall get a permit in advance, and the registered capital shall not less than RMB100,000, and has at least possesses 5 full-time personnel who have obtained qualification of talent service. The Provisions also provides that a foreign enterprise, which plan to incorporate a talent service agency in PRC, shall set up a joint enterprise with a domestic talent service agency, except the investor comes from Hong Kong, Macau and Taiwan.
2. Interim Provisions concerning The Management of Chinese-foreign Equity Joint Venture Talent Agency (中外合資人才中介機構管理暫行規定) ("Interim Provisions") was jointly promulgated by Ministry of Personnel of the PRC, Ministry of Commerce and SAIC on 1 November 2003 and revised on 24 May 2005. This Interim Provisions was stipulated rules of establishment, approval, register, management and monitoring of a joint venture talent agency. It provides that any foreign company, enterprise or other economic organisation who wants to engaged in talent agency services in the PRC must operate jointly with a Chinese company, enterprise or other economic organisation through a jointly-established enterprise. The Chinese investor as well as the foreign investor shall be an enterprise which engaged in talent service and has been set up for more than 3 years. If the foreign investor comes from HK or Macau, then the Chinese investor can be a talent service agency which has established for more than 1 year. The joint venture enterprise shall obtain a permit first and has at least possess 5 full-time personnel who have obtained

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qualification of talent service. According to the Administration for the qualification of talent service of the Guangdong Province (廣東省人才中介服務資格證書管理辦法), the eligible candidates should (i) obtain a University degree and/or above; (ii) comply with laws, regulations and no criminal conviction; and (iii) meet the requirement stipulated by the Ministry of Personnel and the personnel department of the provincial government. Moreover, the personnel are required to receive an annual inspection for every two years. The Administration for the qualification of talent service is also applicable to the foreigners. The registered capital of the joint venture enterprise shall be not less than US\$0.3 million and the contribution made by the foreign investor shall not be less than 25% also the Chinese investor's shall not be less than 51%.

A supplemental of this Interim Provisions was effective on 1 January 2008 (關於《中外合資人才中介機構管理暫行規定》的補充規定). The limitation of equity proportion to the establishment of equity joint venture talent agency in the PRC by Hong Kong service providers and Macau service providers has been cancelled. And Hong Kong service providers and Macao service providers shall be allowed to establish wholly-owned talent agency in the PRC. Other provisions about the establishment of a joint venture talent agency by Hong Kong service providers and Macau service providers shall be implemented in accordance with the Interim Provisions.

Tax Laws

Enterprise Income Tax

On 1 January 2008, the Foreign Invested Enterprise and Foreign Enterprise Income Tax Law of the PRC (中華人民共和國外商投資企業和外國企業所得稅法) was abolished, and concurrently the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅) (the "EIT Law"), promulgated on 16 March 2007, became effective. Pursuant to the EIT Law, the income tax rate for both domestic founded enterprise and foreign invested enterprise is 25%. Pursuant to the Notice of State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) issued by the State Council of the PRC on 26 December 2007. As of 1 January 2008, the enterprises that previously enjoy "2-year exemption and 3-year half payment", "5-year exemption and 5-year half payment" of the enterprise income tax and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments under the preferential measures and the time period prescribed in the former tax law, administrative regulations and relevant regulatory documents until the expiration of the said time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

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Furthermore, unlike the Foreign Invested Enterprise and Foreign Enterprise Income Tax Law of the PRC, which specifically exempted withholding income tax on any dividends payable to non-PRC enterprise investors, the EIT Law provides that an income tax rate of 20% will be normally applicable to dividends payable to non-resident enterprise investors which have not established institutions in the PRC, or if they have established institutions in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions set up by them, unless there exists a preferential tax treatment between the PRC and the relevant jurisdictions in which such non-resident enterprise investors reside whereupon, the relevant tax may be reduced or exempted. However, pursuant to the Implementation Rules of the Enterprise Income Tax of the PRC (中華人民共和國企業所得稅實施條例) promulgated by the State Council on 6 December 2007, and became effective on 1 January 2008, a reduced enterprise income rate of 10% will be applicable to any dividends payable to the abovementioned non-resident enterprise investors on the incomes derived from the PRC. Moreover, pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the PRC resident enterprise which distributes dividends to its Hong Kong shareholders should be levied enterprise income tax according to the PRC law, however, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds not less than 25% equity of the aforesaid enterprise (i.e. the dividend distributor), the tax levied shall be 5% of the distributed dividends. If the beneficiary is a Hong Kong resident enterprise, which directly holds less than 25% equity of the aforesaid enterprise, the tax levied shall be 10% of the distributed dividends.

In addition, pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty (國家稅務總局關於執行稅收協議股息條款有關問題的通知) issued by the State Administration of Taxation on 20 February 2009, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified in the tax treaty for the dividends paid to it by a Chinese resident company: (a) such a tax resident who obtains dividends should be a company as provided in the tax treaty; (b) the equity interests and voting shares of the Chinese resident company directly owned by such a tax resident reach a specified percentage; (c) the capital ratio of the Chinese resident company directly owned by such a tax resident reach the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends.

Pursuant to the Administrative Measures for Non-residents to Enjoy Treatment under Tax Treaties (Trial) (非居民享受稅收協議待遇管理辦法(試行)) which came into effect on 1 October 2009, where a non-resident enterprise (as defined under the PRC tax laws) wishes to enjoy the tax treatment under the tax treaty, it shall apply for approval to or file with the competent tax authority for record due to the preferential tax treatment is not automatically applicable. Without approval or record filing, the non-resident enterprise shall not enjoy the tax treatment in the tax treaty.

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Business Tax

Pursuant to the Provisional Regulation on Business Tax of the PRC (中華人民共和國營業稅暫行條例) which was promulgated on 13 December 1993 by the State Council and amended on 5 November 2008, and the Implementation Rules for Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例實施細則) which was promulgated on 18 December 2008 and amended on 28 October 2011, all entities and individuals that engage in provision of taxable service, transfer of intangible asset or sale of immovable property within the territory of the PRC shall pay the business tax in accordance with PRC laws and regulations. The business tax rates vary from 3 to 20 percent based on the taxable items.

Value Added Tax

Pursuant to the Provisional Regulations on Value Added Tax of the PRC (中華人民共和國增值稅暫行條例) promulgated by the State Council on 13 December 1993 and amended on 5 November 2008, and its implementation rules which were revised on 28 October 2011, all entities and individuals in the PRC engaging in sale of goods, processing and repair and replacement services, and import of goods are required to pay value added tax for the added value derived from the process of manufacture, sale or services. Except for some limited circumstances that the value added tax rate is 13%, the general rate of value added tax is 17% for those engaging in sale of goods, processing and repair and replacement services, and import of goods.

City Maintenance and Construction Tax and Educational Surtax

Pursuant to the Circular of the State Council on Unifying the System of City Maintenance and Construction Tax and Education Surtax Paid by Domestic and Foreign Invested Enterprise and Individual (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) promulgated on 18 October 2010, the Provisional Regulations on City Maintenance and Construction Tax of the PRC (中華人民共和國城市維護建設稅暫行條例) promulgated in 1985, the Tentative Provisions on Levy of Educational Surtax (徵收教育費附加的暫行規定) promulgated in 1986 by the State Council, and rules, regulations and policies on city maintenance and construction tax and educational surtax promulgated since 1985 by the State Council and the competent financial departments shall also be applicable to foreign invested enterprise, foreign enterprise and foreigner from 1 December 2010. In accordance with the Provisional Regulations on City Maintenance and Construction Tax of the PRC promulgated on 8 February 1985 and amended on 8 January 2011, any enterprise or individual liable for consumption tax, value added tax and business tax shall also be required to pay city maintenance and construction tax. City maintenance and construction tax shall be based on the amount of consumption tax, value added tax and business tax actually paid by the taxpayer and shall be levied simultaneously. The rate of city maintenance and construction tax shall be 7% for the taxpayer in the city, and shall be 5% for the taxpayer in the county or town, and shall be 1% for the taxpayer not in the city, county or town.

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Land Use Tax

Pursuant to the Provisional Regulations Governing Land Use Tax in Cities and Towns of the PRC (中華人民共和國城鎮土地使用稅暫行條例) promulgated on 27 September 1988 and last amended on 8 January 2011, entities and individuals which use land within the boundaries of cities, counties, towns operated under an organizational system and mining industrial districts shall be the obligatory taxpayer for land use tax. Calculation of land use tax shall be based on the actual area of land used by the taxpayer and shall be levied in accordance with the stipulated tax rate.

Stamp Tax

In accordance with the Provisional Regulations of the PRC on Stamp Tax (中華人民共和國印花稅暫行條例) promulgated on 6 August 1988 and amended on 8 January 2011, and the Detailed Rules of Implementation of the Provisional Regulations of the PRC on Stamp Tax (中華人民共和國印花稅暫行條例施行細則) promulgated on 29 September 1988, all enterprises and individuals creating and obtaining taxable documents within the PRC shall pay stamp tax. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents resemble contract in nature, title transfer deeds, business account books, certificate of rights, license and other taxable documents specified by the Ministry of Finance. The items and rates of stamp tax shall be implemented in accordance with the List of Items and Rates of Stamp Tax (印花稅稅目稅率表) attached in the Provisional Regulations of the PRC on Stamp Tax.

Trademark Law of the PRC

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated on 23 August 1982 and last amended on 27 October 2001, the right to exclusive use of a registered trademark shall be limited to the trademark which has been registered and to commodities on which the use of a trademark has been approved. The period of validity of a registered trademark shall be ten years commencing from the day the registration is approved. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made within six months before the expiration. The period of validity for each renewal of registration shall be ten years. Any of the following acts shall be an infringement upon the right to exclusive use of a registered trademark: (a) using a trademark which is identical with or similar to the registered trademark on the same kind of commodities or similar commodities without a license from the registrant of the registered trademark; (b) selling the commodities that infringe upon the right to exclusive use of a registered trademark; (c) forging, manufacturing without authorization a registered trademark of others, or selling a registered trademark forged or manufactured without authorization; (d) changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of the registered trademark; and (e) causing other damage to the right to exclusive use of a registrant of registered trademark. Where a

REGULATORY OVERVIEW

dispute arises from infringing upon the exclusive rights to the registrant of registered trademark, the parties involved shall settle the dispute through negotiation. If any party refuses to negotiate or the negotiation has failed, the registrant of the registered trademark or the interested parties may bring a suit before a people's court or request the Administration for Industry and Commerce to handle the issue.

The registrant of registered trademark may license others to use its registered trademark through the trademark license agreement. The licensor shall supervise the quality of the goods in respect of which the licensee uses his registered trademark, and the licensee shall assure the quality of the goods in respect of which he uses the registered trademark. Where the registered trademark is licensed, the name of the licensee and manufacture location shall be indicated on the product with the licensed registered trademark. The trademark license agreement shall be filed with the State Trademark Office for record.

Patent Law

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) which was promulgated on 12 March 1984 and last amended on 27 December 2008, patent protection is divided into three categories: invention patent, utility model patent and design patent. Specifically, "invention patent" refers to new technical solutions for a product, method or its improvement; "utility model patent" refers to new technical solutions for a product's shape, structure or the combination of both shape and structure, which are applicable for practical use; "design patent" refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with aesthetic feeling and industrial application value.

Copyright Law

In accordance with the Copyright Law of the PRC (中華人民共和國著作權法) promulgated on 7 September 1990 and last amended on 26 February 2010, copy rights include personal rights such as the right of publication and the right of authorship, as well as property rights such as the right of production, the right of distribution. Unless otherwise provided by the Copyright Law of the PRC, reproducing, distributing, performing, projecting, broadcasting or compiling a work or broadcasting via the Internet without the permission from the owner of the copyright shall constitute infringement of copyrights. The infringer shall, according to the circumstance of the case, undertake to cease the infringement, eliminate the adverse effect, offer a public apology or pay compensation for damages. Where the infringer jeopardises public interests at the same time, the competent copyright administration may order him to cease the act of tort, confiscate his illegal gains, confiscate and destroy the infringing duplicate, and impose a fine on the infringer. The copyright administration may also confiscate the materials, instruments and equipments mainly used to make the infringing duplicate for severe circumstance. If the act has constituted a crime, the infringer shall be prosecuted for criminal liability.

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Laws and Regulations in Relation to Foreign Exchange

The PRC mainly has two foreign exchange administrative regulations, namely, the Regulations of the PRC on Foreign Exchange Administration (中華人民共和國外匯管理條例), which was promulgated by the State Council on 29 January 1996 and amended on 14 January 1997 and 1 August 2008 respectively, and the Regulation on the Administration of Foreign Exchange Settlement, Sale, and Payment (結匯、售匯及付匯管理規定), which was promulgated by the People's Bank of China on 20 June 1996. In accordance with the abovementioned foreign exchange administrative regulations, upon payment of the applicable taxes, foreign invested enterprise may convert the dividends they received in Renminbi into foreign currencies and remit such amount outside the PRC through their foreign exchange bank accounts. Generally, foreign invested enterprise may convert Renminbi into foreign currencies and remit them out of the PRC without the prior approval of State Administration of Foreign Exchange under the two following circumstances: (a) when an enterprise needs to settle current account items in foreign currencies; (b) when an enterprise needs to distribute dividends to its foreign shareholders.

Under other circumstances, including the settlement of capital account items, foreign invested enterprises are subject to the above administrative regulatory restrictions on foreign exchange, and must acquire prior approval from the State Administration of Foreign Exchange or its branches before converting Renminbi into foreign currencies.

Laws and Regulations in Relation to Foreign Investment in the PRC

Pursuant to Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) promulgated by the State Council on 11 February 2002, the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) is the basis of the application of relevant policies in examining and approving foreign investment projects and foreign-invested enterprises. The Foreign Investment Industrial Guidance Catalogue sets out “encouraged”, “restricted”, and “prohibited” categories for all foreign investment projects in the PRC. For the projects which do not fall into the categories of encouraged, restricted or prohibited projects shall be deemed as the permitted foreign investment projects. The permitted foreign investment projects are not listed in the Foreign Investment Industrial Guidance Catalogue.

Laws and Regulations in Relation to Environmental Protection

The PRC government has formulated and implemented various environmental protection laws and regulations, including the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Law on Environmental Impact Assessment (中華人民共和國環境影響評價法), the PRC Law on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), the PRC Law on Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法), the PRC Law on Prevention and Control of Solid Waste Pollution (中華人民共和國固體廢物防治法), the PRC Law on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) and Regulations on the Administration of Environmental Protection of Project Construction (建設項目環境保護管理條例), etc.

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Pursuant to the PRC environmental laws and regulations, the PRC has established environmental impact assessment system for project construction, and the construction, expansion and operation of home furniture products manufacturing facilities are subject to the advance approval and acceptance of the completed environmental protection facility from the competent PRC environmental authorities. Failure to obtain the advance approval and acceptance of the completed environmental protection facility, the enterprise may be ordered to cease the construction of facilities, operation or restore within the time limit or be imposed of fines by the competent PRC environmental authorities. The relevant PRC environmental protection laws also impose fees for discharge of waste substances, and impose fines and indemnity for the improper discharge of waste substance and serious environmental pollution. The PRC environmental authority may, at its discretion, shut down any facility that fails to comply with the environmental protection laws and regulations.

Laws and Regulations in Relation to Labour Law and Social Security

Enterprise is mainly subject to the following PRC labour laws and regulations: the PRC Labour Law (中華人民共和國勞動法), the PRC Labour Contract Law (中華人民共和國勞動合同法), the PRC Social Insurance Law (中華人民共和國社會保險法), the Regulations of Insurance for Employment Injury (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法), the Interim Regulations on the Collection of Social Insurance Premium (社會保險費徵繳暫行條例), Regulations on Management of Housing Provident Fund (住房公積金管理條例) and other relevant regulations, rules and circulars issued by the competent governmental authorities.

Pursuant to the PRC Labour Law and the PRC Labour Contract Law, when an employer hires an full-time employee, they should sign a written labor contract, and the employees' salary shall not be lower than the local minimum wage. The company must establish a system for labour safety and sanitation, strictly abide by the state standards, and provide relevant education and training to its employees. Employee is also entitled to work in safe and sanitary conditions conformed to the state rules and standards. Employer shall offer regular health examinations for the employees engaging in hazardous occupations.

As required under the PRC Social Insurance Law, the Regulations of Insurance for Employment Injury, the Regulations on Unemployment Insurance, the Provisional Measures on Insurance for Maternity of Employees, the Interim Provisions on Registration of Social Insurance, the Interim Regulations on the Collection of Social Insurance Premium, the PRC enterprise is obligated to provide employees in the PRC with social security covering pension insurance, unemployment insurance, maternity insurance, employment injury insurance and medical insurance.

In accordance with the Regulations on Management of Housing Provident Fund promulgated on 3 April 1999 and amended on 24 March 2002, enterprise must register with the relevant Housing Provident Fund Management Center, and open a special housing provident fund account at a commissioned bank and pay housing provident fund for its employees. In

REGULATORY OVERVIEW

addition, for both employees and employers, the payment rate for housing provident fund shall not be less than 5% of the average monthly salary of the employees in the previous year. The payment rate may be raised if the employer desires.

SINGAPOREAN LAWS AND REGULATIONS

Employment Agencies Licence in Singapore

Pursuant to section 6 of the Employment Agencies Act (Cap. 92) of Singapore, entities that carry out or intend to carry out an agency or registry for or in connection with the employment of persons in any capacity will need to obtain an Employment Agency Licence if such activities are carried out in Singapore. The scope of section 6 includes the activity of placing job seekers in touch with employers (and vice versa) on a regular basis, for instance, the provision of executive search services.

The following activities and entities/persons are exempted from the need to obtain an Employment Agency Licence:

- (a) wholly World Wide Web-based job portals;
- (b) entities and individuals who maintain and operate any job bulletin board and who do not otherwise carry on an agency or registry for or in connection with the employment of persons;
- (c) entities who submit work pass applications and who do not otherwise carry on an agency or registry or perform any work or activity in Singapore for or in connection with the employment of persons;
- (d) any person resident outside Singapore who enters and remains in Singapore for not more than 30 days within a continuous period of 6 months to perform any work or activity in Singapore for or in connection with the employment of persons;
- (e) recognised universities or educational institutions;
- (f) Community Development Councils;
- (g) the Employment and Employability Institute Pte. Ltd; and
- (h) the Singapore Workforce Development Agency.

If none of the abovementioned exemptions applies, the entity carrying out the services within the scope of section 6 of the Employment Agencies Act (Cap. 92) of Singapore will need to apply for an Employment Agency Licence.

REGULATORY OVERVIEW

Type of Licence

There are two types of Employment Agency Licence:

- (a) Comprehensive Licence; and
- (b) Select Licence.

A Comprehensive Licence is granted in respect of activities in connection with the employment of workers who are Singaporean citizens, Singaporean permanent residents and non-Singaporean citizens for the purposes of employment under valid Employment Passes, Personalised Employment Passes, S Passes (mid-level skilled foreigners (e.g. technicians) that earn a minimum monthly salary of S\$2,000), or Work Permits (for skilled or unskilled foreigners), but excludes any non-citizens on training programs under a Training Employment Pass or Training Work Permit.

In contrast, a Select Licence is granted in respect of activities in connection with the employment of workers who are Singaporean citizens, Singaporean permanent residents and non-Singaporean citizens for the purposes of employment under valid Employment Passes or Personalised Employment Passes earning monthly salaries of more than S\$7000, but excludes non-Singaporean citizens on training programs under a Training Employment Pass. If an entity does not or no longer qualifies for the Select Licence, the Comprehensive Licence will be the appropriate licence to apply for.

Both types of Employment Agency Licences are valid for three years each. The detailed licensing conditions for each of the licences are set out below.

Licence Conditions for Comprehensive Licence

1. The Comprehensive Licensee must operate his employment agency in accordance with the Employment Agencies Act (Cap. 92) of Singapore, the Employment Agencies Rules 2011 of Singapore and the conditions of the Comprehensive Licence.
2. The Comprehensive Licensee must obtain the written approval of the Commissioner for Employment Agencies of Singapore prior to any change of Key Appointment Holders of the employment agency. The Comprehensive Licensee must also inform the Commissioner for Employment Agencies of Singapore of any change in registration details with the Accounting and Corporate Regulatory Authority (“ACRA”).
3. (a) The Comprehensive Licensee must insert the name and licence number of its employment agency in all forms of advertisements and written documents undertaken by his employment agency.

(b) The Comprehensive Licensee must insert the employment agency personnel name and registration number in all forms of written documents where that employment agency personnel was involved in.

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4. The Comprehensive Licensee must not, unless with the client's written consent, directly or indirectly give, divulge or reveal to any persons any information whatsoever regarding any client of the employment agency, which information the agency acquired or requested the client to provide in the course of their employment agency work. This condition shall not apply in the case where the information is required for the purpose of any investigations under any law, by the police, the Controller of Work Passes of Singapore, the Commissioner for Employment Agencies of Singapore, Immigration officers or any other public officer.
5. The Comprehensive Licensee must provide information, documents and statements which are true and correct as and when required by the Commissioner for Employment Agencies of Singapore.

Applicants for work who are non-Singaporean citizens

6. The Comprehensive Licensee must ensure that all non-Singaporean citizens brought into Singapore for any purposes of work meet all the prevailing entry requirements imposed on the non-citizen by the Ministry of Manpower of Singapore.
7. The Comprehensive Licensee shall report all breaches of work pass conditions by employers of non-Singaporean citizens placed by the Comprehensive Licensee within his knowledge or the knowledge of his staff, employees, directors and partners to the Ministry of Manpower of Singapore.
8. The Comprehensive Licensee must obtain written authorisation from his clients, in the form as may be prescribed by the Commissioner for Employment Agencies of Singapore, prior to performing any form of work pass transactions with the Ministry of Manpower of Singapore on their behalf.
9. The Comprehensive Licensee must not enter into agreements with the foreign employee to retain and/or transfer the passport or work pass of that foreign employee except for the purpose of procuring employment for the foreign employee.
10. (a) Subject to Licence Condition 10(b), the Comprehensive Licensee must, within a timeframe stipulated by the Ministry of Manpower of Singapore, repatriate and bear the full cost of repatriating any non-Singaporean citizen brought into Singapore by the licensee to the international port of entry that affords him reasonable access to his home town within his home country if a work permit is not issued, or if a work permit is revoked for contravention of Licence Condition 6, or if the non-Singaporean is not placed in employment. The Comprehensive Licensee must not require or cause the non-Singaporean citizen to bear all or part of the repatriation cost. In the event of any dispute about the international port of entry to which the foreign employee shall be repatriated, the dispute shall be referred to the Commissioner for Employment Agencies of Singapore, whose decision shall be final.

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- (b) The employment agency may repatriate the non-Singaporean citizen to a destination other than his home country:
 - (i) if the non-Singaporean citizen so requests, and the Commissioner for Employment Agencies of Singapore is informed by the employment agency of the employment agency's intention to do so, before the repatriation occurs; or
 - (ii) if the Commissioner for Employment Agencies of Singapore so determines.

Licence Conditions for Select Licence

1. The Select Licensee must operate its employment agency in accordance with the Employment Agencies Act (Cap. 92) of Singapore, the Employment Agencies Rules 2011 of Singapore and the conditions of the Select Licence.
2. The Select Licensee must obtain the written approval of the Commissioner for Employment Agencies prior to any change of Key Appointment Holders of the employment agency. The Select Licensee must also inform the Commissioner for Employment Agencies of Singapore of any change in registration details with the ACRA.
3.
 - (a) The Select Licensee must insert the name and licence number of its employment agency in all forms of advertisements and written documents undertaken by its employment agency.
 - (b) The Select Licensee must insert the employment agency personnel name and registration number in all forms of written documents where that employment agency personnel was involved in.
4. The Select Licensee must not, unless with the client's written consent, directly or indirectly give, divulge or reveal to any persons any information whatsoever regarding any client of the employment agency, which information the agency acquired or requested the client to provide in the course of their employment agency work. This condition shall not apply in the case where the information is required for the purpose of any investigations under any law, by the police, the Controller of Work Passes of Singapore, the Commissioner for Employment Agencies of Singapore, Immigration officers of Singapore or any other public officer.
5. The Select Licensee must provide information, documents and statements which are true and correct as and when required by the Commissioner for Employment Agencies of Singapore.

Applicants for work who are non-Singaporean citizens

6. The Select Licensee must ensure that all non-Singaporean citizen brought into Singapore for any purposes of work meet all the prevailing entry requirements imposed on the non-Singaporean citizen by the Ministry of Manpower of Singapore.

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7. The Select Licensee must report all breaches of work pass conditions by employers of non-Singaporean citizens placed by the Select Licensee within his knowledge or the knowledge of his staff, employees, directors and partners to the Ministry of Manpower of Singapore.
8. The Select Licensee must obtain written authorisation from his clients, in the form as may be prescribed by the Commissioner for Employment Agencies of Singapore, prior to performing any form of work pass transactions with the Ministry of Manpower of Singapore on their behalf.
9. The Select Licensee must not enter into agreements with the foreign employee to retain and/or transfer the passport or work pass of that foreign employee except for the purpose of procuring employment for the foreign employee.

Licensing Criteria

The following criteria must be met before an application for an Employment Agency Licence is made:

- (a) The person authorised to make the application for an Employment Agency Licence (“Authorised Filer”) must be a Singapore citizen or permanent resident at the point of application. If the Authorised Filer is a foreigner, he or she must have a valid Employment Pass that allows the Authorised Filer to work in Singapore.
- (b) The Authorised Filer may not be an undischarged bankrupt, or have any previous court convictions records (particularly under Women’s Charter (Cap. 353) of Singapore, Children and Young Persons Act (Cap. 38) of Singapore, Penal Code (Cap. 224) of Singapore, Immigration Act (Cap. 92) of Singapore, Employment Agencies Act and Employment of Foreign Manpower Act (Cap. 91A) of Singapore) in Singapore or elsewhere of an offence involving dishonesty or human trafficking. The Authorised Filer may also not be a director of or involved in the management of an employment agency whose licence had been revoked.
- (c) All Key Appointment Holders must not be an undischarged bankrupt, or have any previous court convictions records (particularly under Women’s Charter (Cap. 353) of Singapore, Children and Young Persons Act (Cap. 38) of Singapore, Penal Code (Cap. 224) of Singapore, Immigration Act (Cap. 92) of Singapore, Employment Agencies Act and Employment of Foreign Manpower Act (Cap. 91A) of Singapore) in Singapore or elsewhere of an offence involving dishonesty or human trafficking. A Key Appointment Holder may also not be a director of or involved in the management of an employment agency whose licence had been revoked.
- (d) All Key Appointment Holders must have obtained a Certificate of Employment Intermediaries (“CEI”) by passing the CEI exam.

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For the purposes of the Employment Agencies Act (Cap. 92) of Singapore, Key Appointment Holder are defined to include partners, owner, managers, directors, managing director, chief executive officer, chief financial officer, chief operating officer and any person who has general control and management of the administration of any 'Specified Employment Agency Work'. Specified Employment Agency Work includes:

- (a) communication with any job seeker for the purpose of assisting in job applications;
- (b) collation of the biodata or resume of any job seeker to help secure employment;
- (c) submission of any work pass application on behalf of an employer or job seeker to the Ministry of Manpower; and
- (d) facilitation of the placement of any candidates for employment with an employer.

Ongoing Requirements of Holders of an Employment Agency Licence

A holder of an Employment Agency Licence, whether Comprehensive or Select (the "Licensee"), must comply with the following ongoing requirements:

- (a) **Staff Registration Card** – the Licensee must issue all registered employment agency personnel and Key Appointment Holders with a registration card in the form specified in the Employment Agencies Rules 2011 of Singapore. The said registration card must be shown by each employment agency personnel/Key Appointment Holders to any prospective client who is an employer or job candidate.
- (b) **Fee Cap** – the Employment Agencies Rules 2011 of Singapore provides a fee cap on the fee charged to candidates who are placed for employment. The fee is capped at one month's salary per year for the duration of the approved work pass or employment contract, whichever is shorter, to be pro-rated according to the total relevant period and subject to a maximum of 2 months' salary of the employee. This fee cap does not apply to fees charged to employers for the services provided. The scale of fees must be exhibited conspicuously in every place of business of the Licensee.
- (c) **Refund of Fees** – If an employer fails to employ the candidate placed by the Licensee or terminates the employment within 6 months of commencement, other than for the reason that the contract has been completed, expired or terminated by the job candidate's initiative, the Licensee will have to refund 50% of the total fees received from the candidate within 7 working days the termination or before the foreign candidate is repatriated, whichever is earlier.

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- (d) **Update information** – The following changes in information need to be updated via the Online Business Licensing Service website:
- (i) changes in the Licensee’s particulars (immediately);
 - (ii) changes in any branch information (within 3 days);
 - (iii) ACRA information updates (for instance, company details) (within 7 days);
and
 - (iv) other updates (within 3 days).

Application of the Employment Act (Cap. 91) of Singapore

Generally, the Employment Act (Cap. 91) of Singapore will govern the terms of a contract of service between the employer and employee performed in Singapore, including foreigners employed in Singapore. If the Company or any member of the Group provides staff outsourcing services in Singapore, the Employment Act (Cap. 91) of Singapore may be applicable as the Company or the relevant member of the Group will be the employer of the outsourced staff. If the Employment Act (Cap. 91) of Singapore is applicable, the terms of the contract of service that are less favourable than the relevant provisions under the Employment Act (Cap. 91) of Singapore will be illegal, null and void to the extent that they are less favourable.

Regulatory barrier to enter into the human resources industry in Singapore

As at the Latest Practicable Date, our Singaporean legal advisers considered that, subject to complying with the licensing requirements and regulations stated above, there are generally no other regulatory barrier to enter into the human resource industry in Singapore.

HISTORY AND DEVELOPMENT

HISTORY AND DEVELOPMENT

Corporate development

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 February 2012.

Zebra SOS, our wholly-owned subsidiary and the main operating arm of our Group, was incorporated in Hong Kong with limited liability on 25 March 2002. Upon its incorporation, Zebra SOS had an initial authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, of which 2 shares were issued and held as to 1 share by Mr. Chang and the remaining 1 share by Mr. Kung.

On 10 April 2002, the authorised share capital of Zebra SOS was increased from HK\$10,000 to HK\$100,000 by creation of an additional 90,000 shares. On the same day, Zebra SOS allotted and issued for cash at par 49,999 shares to each of Mr. Chang and Mr. Kung.

On 16 February 2012, each of Mr. Chang and Mr. Kung transferred his 50,000 shares of Zebra SOS, representing its entire issued share capital, to Orient Apex and in consideration of which and at the directions of Mr. Chang and Mr. Kung, Orient Apex allotted and issued 500 shares to each of Triglobal and Luxuriant Global as fully paid at a premium. After completion of the share transfer, Zebra SOS became a wholly-owned subsidiary of Orient Apex.

Orient Apex was incorporated in the BVI with limited liability on 2 December 2011 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the date of its incorporation, Orient Apex allotted and issued 5,000 shares, all credited as fully paid at par, to each of Triglobal and Luxuriant Global. Orient Apex is an investment holding company.

Pursuant to the Sale and Purchase Agreements (consisting of the sale and purchase agreement dated 15 December 2011 entered into between Triglobal, Luxuriant Global and Ascent Way, the supplemental sale and purchase agreement dated 17 February 2012 entered into between the same parties dealing with certain drafting changes to the sales and purchase agreement dated 15 December 2011, the second supplemental sale and purchase agreement entered into between the same parties dated 5 June 2012 stipulating the 6-month lock-up period of Ascent Way and the third supplemental sale and purchase agreement entered into between the same parties dated 23 July 2012 stipulating that Ascent Way's right to nominate director of Orient Apex shall terminate upon Listing, none of which alters the completion/payment dates of Ascent Way), each of Triglobal and Luxuriant Global transferred 1,100 shares of Orient Apex (representing, in aggregate, 20% of the entire issued share capital of Orient Apex) to Ascent Way for a total consideration of HK\$8,760,000, which was determined based on arm's length negotiation between the relevant parties with reference to the agreed price-to-earnings ratio of Zebra SOS for the year ended 31 March 2011. After completion of the Sale and Purchase Agreements, Orient Apex was owned as to 40% by Triglobal, as to 40% by Luxuriant Global and as to the remaining 20% by Ascent Way. Triglobal, Luxuriant Global and Ascent Way were wholly-owned by Mr. Chang, Mr. Kung and Mr. Pan respectively. On 14 March 2013, each of Triglobal and Luxuriant Global transferred 4,400 shares of Orient Apex to Z Strategic and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued 1 share to each of Mr. Chang and Mr. Kung as fully paid at a premium. Further details of the investment made by Ascent Way are disclosed in the paragraph headed "Pre-IPO investment" in this section.

HISTORY AND DEVELOPMENT

On 19 March 2013, in consideration of the transfers of 8,800 and 2,200 shares of Orient Apex by Z Strategic and Ascent Way to our Company respectively, our Company allotted and issued 25,000,000 Shares and 6,250,000 Shares, all credited as fully paid at a premium, to Z Strategic and Ascent Way respectively.

On 19 March 2013, the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares.

Pre-IPO investment

Pursuant to the Sale and Purchase Agreements (consisting of the sale and purchase agreement dated 15 December 2011 entered into between Triglobal, Luxuriant Global and Ascent Way, the supplemental sale and purchase agreement dated 17 February 2012 entered into between the same parties dealing with certain drafting changes to the sales and purchase agreement dated 15 December 2011, the second supplemental sale and purchase agreement entered into between the same parties dated 5 June 2012 stipulating the 6-month lock-up period of Ascent Way and the third supplemental sale and purchase agreement entered into between the same parties dated 23 July 2012 stipulating that Ascent Way's right to nominate director of Orient Apex shall terminate upon Listing, none of which alters the completion/payment dates of Ascent Way), each of Triglobal and Luxuriant Global transferred 1,100 shares of Orient Apex (representing, in aggregate, 20% of the entire issued share capital of Orient Apex) to Ascent Way for a total consideration of HK\$8,760,000.

Details of the acquisition by Ascent Way pursuant to the Sale and Purchase Agreements are as follows:

Name of investor	:	Ascent Way Investments Limited
Number of shares in Orient Apex acquired by the investor	:	2,200 shares
Total consideration	:	HK\$8,760,000
Payment dates	:	15 December 2011 and 17 February 2012
Number of Shares held by the investor upon Listing	:	65,000,000 Shares
Percentage of shareholding of the investor upon Listing	:	16.25%
Effective purchase cost per Share (approximately)	:	HK\$0.135
Discount to the Placing Price (approximately)	:	67.07%

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Save for Ascent Way's right to nominate a director of Orient Apex under the Sale and Purchase Agreements, Ascent Way is not entitled to any special rights or privileges under the Sale and Purchase Agreements or otherwise in connection with its investment in Orient Apex. Ascent Way's right to nominate a director of Orient Apex shall lapse upon Listing but the appointment of Mr. Pan as a director of Orient Apex as nominated by Ascent Way prior to the Listing shall not be affected thereby.

Ascent Way was incorporated in the BVI with limited liability on 3 August 2007, the entire issued share capital of which is owned by Mr. Pan, our non-executive Director, and its principal business activity is investment holding. Mr. Pan is a personal friend of Mr. Chang, our chairman and an executive Director. As advised by Mr. Pan, Ascent Way has not been involved in any pre-IPO investment save for the investment in our Group and he has never been involved in any investment or dealings with our Directors, Controlling Shareholders, our subsidiaries and any of their respective associates save for the acquisition of his interests in Astrum from Mr. Chang and the provision of IT outsourcing services by Zebra SOS to Astrum as disclosed in the section headed "Exempted continuing connected transaction" in this prospectus. Moreover, Ascent Way invested in us because it was attracted by our growth potential and prospects. Mr. Pan has over 18 years of experience in the securities industry in Hong Kong. Mr. Pan is also a director, a responsible officer and a shareholder holding approximately 81.76% interests of Astrum. Astrum is a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO in Hong Kong. The consideration of Ascent Way's investment in Orient Apex was arrived at after arm's length negotiation between Triglobal, Luxuriant Global and Mr. Pan with reference to, among other things, the pricing of recent pre-IPO investments in GEM companies, the equity risks assumed by Mr. Pan in investing in an unlisted company and Mr. Pan's experience in the securities industry in Hong Kong. Our Directors believe that by leveraging on Mr. Pan expertise and network in the securities industry in Hong Kong, new contacts and potential business opportunities would be brought along by Mr. Pan which in turn will be helpful to our Group's future fund raising activities.

The Shares held by Ascent Way are subject to a lock-up period of six months after the Listing Date and are not considered as part of the public float for the purpose of Rule 11.23 of the GEM Listing Rules.

Our Directors confirmed that the Sale and Purchase Agreements with Ascent Way were entered into on normal commercial terms.

Business development

The history of our Group dates back to 2002 when Mr. Chang and Mr. Kung formed Zebra SOS with a view to providing human resources support services to companies in Hong Kong. Mr. Chang and Mr. Kung, both founders of our Group, were introduced through a mutual friend in Vancouver, Canada during the mid-nineties. After they came back to Hong Kong, Mr. Chang pursued his career in the financial sector and Mr. Kung worked as a senior researcher for an

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executive search firm. In 1999, Mr. Kung started his own executive search company which was engaged in the provision of executive search service in the banking and finance industry. As Mr. Kung learned that one of our Group's major clients decided to outsource a number of their frontline workers which was considered as a good business opportunity, Mr. Kung approached Mr. Chang to join as a partner and founded Zebra SOS in 2002 to engage in staff outsourcing services. Mr. Kung's own executive search company ceased its executive/staff search business upon the establishment of Zebra SOS. At the time of incorporation of Zebra SOS, Zebra SOS was principally focused on the provision of staff outsourcing and executive/staff search to companies in Hong Kong. Initially, Mr. Chang and Mr. Kung sourced and handled the staff outsourcing and executive/staff search assignments personally in order to instill confidence in our clients and build the reputation of Zebra SOS in the human resources consultancy market. As demand for Zebra SOS's services continued to grow, Mr. Chang and Mr. Kung considered that there was a need to bring in more experienced human resources personnel to assist them in dealing with new clients and new business and to this end, Zebra SOS recruited some of our existing senior management, including Ms. Choy, Wing Yee Macy in 2004. In 2005, Zebra SOS extended its services to the provision of payroll outsourcing services. To complement our Group's staff outsourcing, executive/staff search and payroll outsourcing services, our Group offered other human resources advisory and administration services to our clients such as employment visa application in 2008.

In order to help our clients reduce the administrative workload and costs associated with their human resources activities, Zebra SOS established the IT department and recruited a team of in-house software programmers in 2006 to develop a human resources information system tailored for the business and regulatory environment of Hong Kong. In 2007, our Group had entered into a service agreement with a client for the provision of our payroll settlement services and our ePayslip, eHRIS, eTax and eLeave applications. The aforesaid service agreement does not have a fixed term and shall continue until terminated by either party by giving three months' prior written notice to the other party. We are responsible for preparing the payroll report containing details of the employees' salaries of our clients and other pay items, the MPF remittance statements and the amount to be remitted to us for our clients' approval. Our clients are required to remit all basic salaries, commissions, bonuses, MPF contributions and expense reimbursements to our designated bank account prior to the agreed monthly pay date for their staff. Pursuant to the contract terms, the bundles fee covering the above two areas of our services is charged at a fixed monthly fee per employee of our clients and the payment of our service fees shall be made to us with 14 days from the date of the invoice.

In 2008, we developed our ePayroll application module and entered into two service agreements with two clients for the provision of our payroll settlement services and payroll administration/determination services respectively. Our ePayroll application was used to support the delivery of such services. The aforesaid payroll settlement service agreement has a term of two years and shall continue for at least six months until terminated by either party by giving by two months' written notice to the other party while the aforesaid payroll administration/determination service agreement is an open-ended contract and stipulated a minimum period up to the succeeding fiscal year-end and shall continue until terminated by

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either party by giving one month's notice to the other party. Pursuant to the aforesaid service agreements, our service fees were charged at a fixed monthly fee per employee of our clients and the payment of our services shall be made to us within 30 days from the date of the invoice.

We started selling our self-developed eHRIS software on PAYG basis and on licence model basis in the year ended 31 March 2009. During the customisation process under a sale agreement entered into with a client in December 2011 for the sale of our eHRIS software on licence model, we developed our eTMS applications module. Pursuant to the aforesaid sale agreement, we customised our eHRIS software comprising our eHRIS, eLeave and eTMS modules for our client, assist them to deploy the same on their server and provide them with training sessions, maintenance services and a 1-year warranty period, while our client would settle our perpetual licence fees by instalments. We continued to focus on product enhancement to address our clients' needs and to build up our client base. Based on our experience in Hong Kong, we saw the potential for the development of human resources information systems in the PRC and in 2011, we started selling the simplified Chinese version of our eHRIS software to PRC companies.

In July 2012, we set up a new executive/staff search team which comprises 4 staff with a primary focus on the commerce and retail sectors in Hong Kong. Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group had successfully concluded the sales of our eHRIS software on licence model to two new clients in Hong Kong and three new clients in the PRC. Our two new clients in Hong Kong are primarily engaged in the manufacturing and trading of textile products and the provision of telecommunication consulting and engineering services in Hong Kong respectively while three clients in the PRC are primarily engaged in oil equipment manufacturing, manufacturing of electronic components and manufacturing of semi-conductors respectively. All these new clients are Independent Third Parties. We have two new clients using our executive/staff search services, of which one is in the food and beverage industry and one is in the international apparel industry.

The following sets forth the major events in the development of our eHRIS software:

Year	Milestones
2006	Developed our ePayslip application module.
2007	Developed our eHRIS and eLeave application modules. Developed our eTax application module.

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Year	Milestones
	<p>Entered into a service agreement with a client for the provision of our payroll settlement services and our ePayslip, eHRIS, eTax and eLeave products, which does not have a fixed term and shall continue until terminated by either party by giving three months' prior written notice. Payment of our service fees under the service agreement shall be made to us within 14 days from the date of the invoice</p>
2008	<p>Developed our ePayroll application module</p> <p>Entered into two service agreements with two clients for the provision of our payroll settlement services and payroll administration/determination services respectively and our ePayroll application was used to support the delivery of such services. Under the terms of the aforesaid service agreements, our service fees were charged at a fixed monthly fee per employee of our clients per month and the payment of our services fee shall be made to us within 30 days from the date of the invoice</p>
2009	<p>Started selling our eHRIS software on PAYG basis and licence model basis</p>
2011	<p>Started selling the simplified Chinese version of our eHRIS software to PRC companies</p>
2012	<p>Developed our eTMS application module during the customisation process under a sale agreement entered into with a client in December 2011 for the sale of our eHRIS software on licence model. Under the terms of the aforesaid sale agreement, we customised our eHRIS software comprising our eHRIS, eLeave and eTMS modules for our clients, assist them to deploy the same on their servers and provide them with training sessions, maintenance services and a 1-year warranty period, while our client would settle our perpetual licence fees by instalments</p>

HISTORY AND DEVELOPMENT

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation which included the following major steps:

Step 1: Transfer of the entire issued share capital of Zebra SOS to Orient Apex

On 16 February 2012, each of Mr. Chang and Mr. Kung transferred his 50,000 shares of Zebra SOS, representing its entire issued share capital, to Orient Apex and in consideration of which and at the directions of Mr. Chang and Mr. Kung, Orient Apex allotted and issued 500 shares to each of Triglobal and Luxuriant Global as fully paid at a premium on the same day.

Step 2: Transfer of an aggregate of 2,200 shares of Orient Apex from Triglobal and Luxuriant Global to Ascent Way

Pursuant to the Sale and Purchase Agreements, each of Triglobal and Luxuriant Global transferred 1,100 shares of Orient Apex (representing, in aggregate, 20% of the issued share capital of Orient Apex) to Ascent Way for a total consideration of HK\$8,760,000, which was determined based on arm's length negotiation between the relevant parties. Completion of the aforesaid transfers took place on 17 February 2012.

Step 3: Transfer of an aggregate of 80 Shares from Triglobal and Luxuriant Global to Z Strategic

On 14 March 2013, each of Triglobal and Luxuriant Global transferred 40 Shares to Z Strategic and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued 1 share to each of Mr. Chang and Mr. Kung as fully paid at a premium.

Step 4: Transfer of an aggregate of 8,800 shares of Orient Apex from Triglobal and Luxuriant Global to Z Strategic

On 14 March 2013, each of Triglobal and Luxuriant Global transferred 4,400 shares of Orient Apex to Z Strategic and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued 1 share to each of Mr. Chang and Mr. Kung as fully paid at a premium.

HISTORY AND DEVELOPMENT

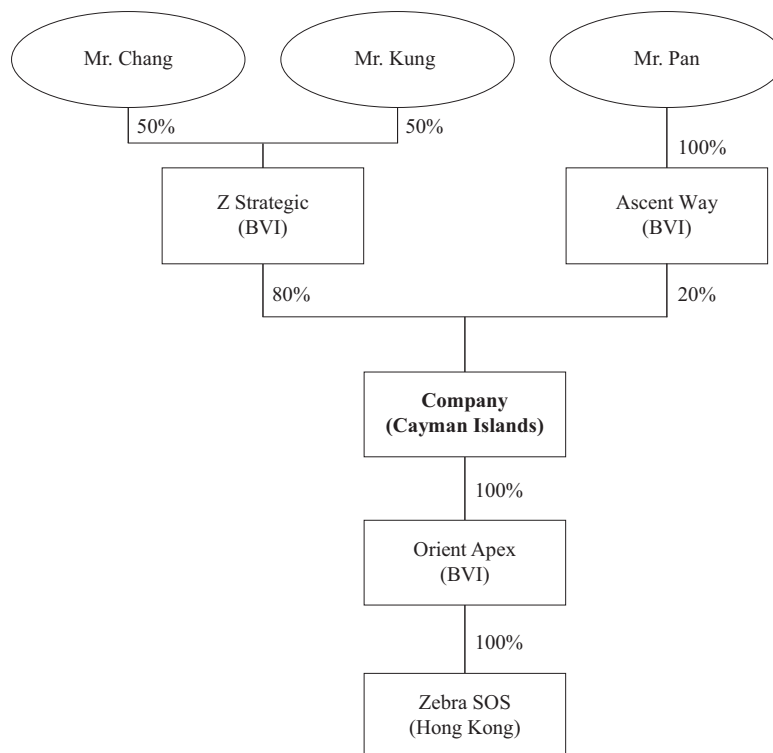
Step 5: Transfer of the entire issued share capital of Orient Apex from Z Strategic and Ascent Way to our Company

On 19 March 2013, pursuant to the Reorganisation Deed, Z Strategic and Ascent Way respectively transferred 8,800 and 2,200 shares of Orient Apex to our Company and in consideration of which our Company allotted and issued 25,000,000 Shares and 6,250,000 Shares, all credited as fully paid at a premium, to Z Strategic and Ascent Way respectively.

GROUP STRUCTURE

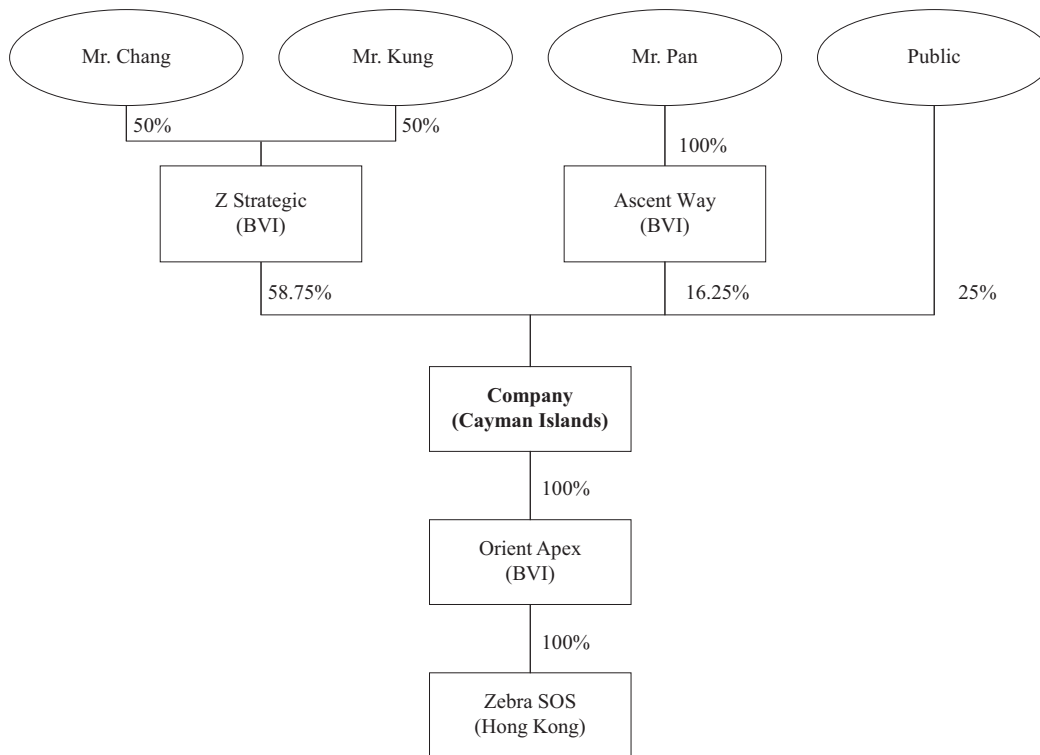
As a result of the Reorganisation, our Company became the ultimate holding company of our Group.

The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to completion of the Capitalisation Issue and the Placing:



HISTORY AND DEVELOPMENT

The following chart sets out the shareholding and corporate structure of our Group immediately after completion of the Capitalisation Issue and the Placing:



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OVERVIEW

We are a Hong Kong-based human resources services provider and are principally engaged in the provision of staff outsourcing services. We are also engaged in the provision of executive/staff search services and other human resources support services including sale of eHRIS software, payroll outsourcing services and human resources advisory and administration services. Our current major clients are corporations operating in the banking, telecommunications and insurance industries in Hong Kong. We have commenced developing the PRC market by selling our eHRIS software since 2011. We aim to position ourselves as one of the dynamic human resources service providers in Hong Kong.

We have been in the human resources outsourcing services market in Hong Kong for around 10 years. We had approximately 40 customers during the year ended 31 March 2012 and most of our revenue was contributed by our clients in the banking, telecommunications and insurance sectors. We target corporations of different sizes ranging from SMEs to multinational corporations. The table below illustrates the breakdown of our revenue by business segment during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Staff outsourcing services	139,557	92.4	150,340	91.0	76,028	91.5	81,136	90.0
Executive/staff search services	10,310	6.8	9,292	5.6	6,305	7.6	6,120	6.8
Other human resources support services	1,155	0.8	5,606	3.4	785	0.9	2,894	3.2
Total revenue	<u>151,022</u>	<u>100.0</u>	<u>165,238</u>	<u>100.0</u>	<u>83,118</u>	<u>100.0</u>	<u>90,150</u>	<u>100.0</u>

Staff outsourcing services

Staff outsourcing is a kind of human resources outsourcing where outsourcing service providers recruit, employ and remunerate employees who will be designated to work for their clients. Our Group provides staff outsourcing services to help our clients match their staffing levels to business demands in a timely and cost effective manner and improve the efficiency of their human resources departments or personnel by delegating the routine human resources administrative functions to us. Our Group would source and employ suitable candidates that match the job descriptions specified by our clients and then second them to our clients. An employment contract will be entered into between our Group and the outsourcing staff under which our Group and the outsourcing staff shall maintain an employer-employee relationship until the expiry or early termination of the employment contract or when our clients offer to employ the outsourcing staff, whichever shall first occur. During the employment of our

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outsourcing staff, our Group as their employer will handle administrative works in relation to their employment such as preparing employment contracts, payroll calculation and processing, administering employee's benefits, providing them with compulsory employee compensation insurance and preparing and filing relevant tax returns to the IRD.

As at 31 March 2011, 31 March 2012 and 30 September 2012, we had seconded 645, 611 and 643 outsourcing staff to our clients respectively. The following table sets out the breakdown of the number of our outsourcing staff on secondment to our clients by length of service with us as at the end of each of the Track Record Period:

	As at 31 March		As at 30
	2011	2012	September
	Number of staff	Number of staff	Number of staff
Length of service with us			
Less than 1 year	443	313	325
1 year or above but less than 3 years	129	225	246
3 years or above but less than 5 years	42	36	35
5 years or above	31	37	37
	645	611	643
	645	611	643

As at the Latest Practicable Date, we had seven clients using our staff outsourcing services, of which three were in the banking industry, one was in the insurance industry, one was in the telecommunications industry and two were in the IT industry.

The following table sets out the breakdown of the number of our outsourcing staff on secondment to our clients by industry sector as at the end of each of the Track Record Period:

	As at 31 March		As at 30
	2011	2012	September
	Number of staff	Number of staff	Number of staff
Banking	553	516	541
Telecommunications	58	63	75
Insurance	31	24	24
IT	3	3	3
Hospitality	0	5	0
	645	611	643
Total	645	611	643

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Executive/staff search services

We provide executive/staff search services to employers seeking appropriate executives and staff to fulfill their needs. We have maintained a database of personnel to match the needs of our clients and we may also post advertisements on recruitment websites to recruit potential candidates. Our clients using our executive/staff search services are mainly in the banking industry. Our Directors believe that our Group has the knowledge and resources to work closely with our clients to identify and attract suitably qualified persons to meet the needs and mission of our clients in the competitive and fast-paced business environment.

The following table sets out the breakdown of the number of our successful executive/staff search cases by industry sector during the Track Record Period:

	For the year ended		For the	
	31 March		six months ended	
	2011	2012	30 September	2012
Banking	163	114	71	69
Telecommunications	–	9	5	–
Insurance	1	–	–	10
Securities	–	2	2	–
Manufacturing	–	2	2	–
Advertising	1	–	–	–
Conglomerates	–	1	1	–
Commerce	1	–	–	–
Technologies	–	–	–	1
Luxury goods	–	–	–	4
FMCG	–	–	–	1
Food and beverage	–	–	–	1
Retail	–	–	–	7
	<u>166</u>	<u>128</u>	<u>81</u>	<u>93</u>

Note: Based on the actual number of candidates introduced through us and subsequently employed by our clients (excluding free replacement candidates in accordance with the terms of our framework executive/staff search service agreements with our clients).

Other human resources support services

We strive to minimise the human resources cost of our clients and streamline their human resources management processes through our professional human resources support services. By utilising our human resources support services, we believe our clients can focus on their core businesses, reduce and control their operating costs and minimise their administrative burden. In addition to staff outsourcing services and executive/staff search services, we provide other human resources support services including: (i) sales of our eHRIS software; (ii) payroll

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outsourcing services; and (iii) human resources advisory and administration services. The following table sets out the breakdown of our revenue from other human resources support services during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	Approximate percentage of our Revenue		Approximate percentage of our Revenue		Approximate percentage of our Revenue		Approximate percentage of our Revenue	
	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
Sales of eHRIS software	259	0.2	4,120	2.5	8	0.0	2,126	2.4
Payroll outsourcing services	788	0.5	1,114	0.7	441	0.5	724	0.8
Human resources advisory and administration services	108	0.1	372	0.2	336	0.4	44	0.0
Total	1,155	0.8	5,606	3.4	785	0.9	2,894	3.2

Sales of eHRIS software

Our Directors believe that an effective human resources management system can reduce the human resources administrative workload of our clients. To this end, we have developed our eHRIS software, a suite of online based human resources workflow applications, which allows our clients to automate many aspects of human resources management. Our eHRIS software enables its users to perform the following functions:

- allowing employees to submit leave applications online for approval by their respective supervisors
- providing an electronic platform to monitor employees' leave entitlements and leave application records
- allowing employees to view their leave entitlements and application status online
- calculating employees' monthly net pay based on input data
- generating payroll reports with detailed breakdown of pay items and statutory contributions

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- generating electronic bank file for the purpose of autopay
- generating remittance statements for submission to trustees of MPF schemes
- compiling employer's salaries tax returns
- distributing electronic payslips

eHRIS

eHRIS is a web-based human resources integrated system that keeps track of key employment information such as basic personal data, personal contact information, current employment information, remuneration packages, educational background, employment history and dependent's contact information. It is designed to allow our clients and their employees to view or manage key human resources information online and reduce the time consuming administration and clerical work. Our eHRIS can also be equipped with five selective application modules, namely eLeave, ePayroll, ePayslip, eTax and eTMS.

eLeave

eLeave is a web-based leave management system which does not only allow employees to submit leave applications online, but also enables human resources personnel to perform leave approval and generate real time reports. The system will also keep track of the employees' leave records, entitlements, leave balances and application history. Such paperless system reduces administrative cost, manpower and time and increases productivity of our clients' human resources departments.

ePayroll

ePayroll is a web-based employees' payroll application which streamlines the payroll function. It can calculate employees' monthly net pay by consolidating relevant information such as their basic salaries, commissions, bonuses, allowances and statutory contributions percentages. It can also generate payroll reports with detailed breakdown of their payroll items for human resources personnel's review and approval. After the payroll reports are approved, it can generate electronic bank file for salary distribution as well as remittance statements for submission to trustees of MPF schemes. It is also able to generate and distribute electronic pay slips via our ePayslip application.

ePayslip

ePayslip is a web-based application which enables the employees of the subscribers to check their current and previous payroll records online with their unique usernames and passwords, thereby reducing printing costs and the risk of payslips being stolen, lost or damaged during the delivery process. The ePayslip will be generated automatically once the payroll results are approved by the payroll administrator.

eTax

eTax is a web-based application that allows employees to view their employment-related tax returns compiled by our eHRIS software via the internet. Users can define the percentage and the ceiling of the mandatory contributions by both the employers and the employees. Users can also define the percentage of voluntary contributions by both employers and employees. It also allows the human resources managers to manage submissions by generating returns for submission to the IRD, thus reducing the risk of the tax returns being lost during the delivery process and reducing printing costs.

eTMS

eTMS is a web-based application that provides comprehensive timesheet management functionalities, including employee roster management, in-out time capture interface and time record management. Our eTMS application module can define different roster codes from a group of employees to an individual employee. The in-out time capture interface allows integration with different time capture devices, e.g. fingerprint and card reader. Together with the leave information from our eLeave system, a complete overview of employee timesheet can be obtained.

Our Group commenced the development of eHRIS software in 2006 and entered into the first agreement in relation to the sale of eHRIS software in 2007 which was before the commencement of the Track Record Period. During the Track Record Period, the only major development of our Group's eHRIS software was eTMS. The eTMS has been enhanced from another Time Management System ("TMS"), which was developed in 2008. During the Track Record Period, the TMS was enhanced and transformed into the current eTMS with minimal costs incurred. Moreover, the IT personnel of our Group involved in the development of the eTMS also involved in other daily routine work and the time spent on the development of the eTMS and other routine work was not separately recorded. As such, no intangible asset in respect of the eHRIS software was capitalised during the Track Record Period. The accounting treatment complies with the Hong Kong Accounting Standard 38 "Intangible Assets".

Payroll outsourcing services

We provide payroll outsourcing services to our clients by handling payroll-related matters for their employees in Hong Kong. Our Directors understand from our clients that a company's payroll function is a sensitive and highly confidential administrative task and it is also a costly and time consuming process. By outsourcing their payroll functions to us, our Directors believe that our clients can concentrate on developing and growing their core businesses.

We assist our clients in administering their confidential payroll processes, conducting salary and other payment item calculations, arranging for salary payment, monitoring and maintaining payroll records and leave entitlements, conducting computation of MPF contribution, administering employment-related insurances such as employee compensation insurances, medical insurances, long term disability insurances and life insurances covering clients' employees, preparing and filing employment-related tax returns and providing electronic payslips through our eHRIS software. For details of our eHRIS software, please refer to the paragraph headed "Sales of eHRIS software" in this section.

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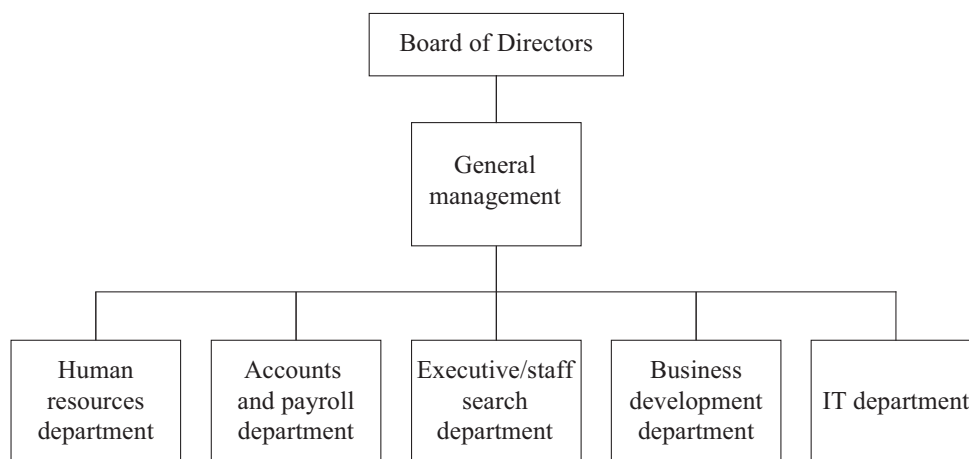
Our payroll outsourcing services comprise two types of services, namely (i) payroll settlement services; and (ii) payroll administration/determination services.

Human resources advisory and administration services

We provide human resources advisory and administration services to newly established companies or companies that require an improvement of their human resources systems. We work closely with our clients to offer practical advices and solutions on human resources-related matters. Our other human resources advisory and administration services include, but are not limited to, advising on employment contracts and employee benefits coverage and handling employment visa applications or renewals.

OUR ORGANISATIONAL STRUCTURE

The following represents the organisational chart of all the operational departments of our Group:



Our organisational structure is divided into five departments, which comprise human resources department, accounts and payroll department, executive/staff search department, business development department and IT department. As at the Latest Practicable Date, we had a total of 30 in-house staff, of whom 2 worked as our management, 10 worked in human resources department, 5 worked in accounts and payroll department, 9 worked in executive/staff search department, 1 worked in business development department and 3 worked in IT department.

Human resources department

Our human resources department is responsible for compiling and reviewing our employee manual, in-house staff training materials such as employment policies. It is also responsible for providing recruitment support to different departments of our Group as well as staff outsourcing services to our clients through placing recruitment advertisements, participating in recruiting events, liaising with relevant government departments, schools and organisations and handling internal referrals. It maintains the personnel records of our existing and resigned in-house and outsourcing staff. It is also responsible for handling other human resources matters including disciplinary actions and labour disputes.

Accounts and payroll department

Our accounts and payroll department is responsible for managing and processing our financial information and preparing payroll and employer's return and notifications to the IRD. It is also responsible for calculating and/or preparing payroll to the employees of our clients who subscribed to our payroll outsourcing services. It liaises with other departments internally for issuing invoices to our clients.

Executive/staff search department

Our executive/staff search department comprises two executive/staff search teams, of which one team specialises in the banking and finance sectors while the other team specialises in commerce and retail sectors in Hong Kong.

Our executive/staff search department is responsible for soliciting new executive/staff search business, obtaining the job descriptions from our clients and sourcing potential candidates from our database, or through advertising online. The department will also screen all the potential candidates and identify suitable candidates by conducting first interviews and reference checks with the potential candidates.

The department is also responsible for co-ordinating with our accounts and payroll department for issuing invoices to our clients.

Business development department

Our business development department is responsible for soliciting new business and maintaining customer relationships with our clients.

It introduces our Group and our services and products to clients, collects clients' requirements, liaises with our IT department, prepares and presents proposals to clients, negotiates on pricing and other service terms and conditions and finalises the deal by arranging the signing of service agreements with our clients. It is responsible for supporting the IT department in communicating with our clients and obtaining their feedback on our products and services.

It is also responsible for co-ordinating with our accounts and payroll department for issuing invoices to our clients. The department is also responsible for maintaining and updating our corporate website, our eHRIS user manuals and our marketing materials such as our brochure. It will also support the IT department in hosting the internal training sessions and providing after-sales services to our clients through telephone hotlines and emails.

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IT department

Our IT department is responsible for providing on-going support on our eHRIS software application, system maintenance, data backup and security control to our Group. It maintains and enhances our Group's IT network and computer systems to meet the business needs of our Group.

It is also responsible for our Group's application of the SSL certificate and in charge of hosting internal training sessions to introduce new developments and functions of our eHRIS software to other departments of our Group internally.

Our IT department works closely with the business development department in collecting information on the changing regulatory requirements as well as clients' feedback and their technical requirements for upgrading and enhancing our eHRIS software. It is also responsible for providing technical support and after sales services to our clients through telephone hotlines and emails.

Save for leasing the server cabinets from a third party service provider, our Group has not outsourced any part of our IT functions. The IT department is responsible for maintaining our Group's IT network and related functions and computer software to meet the business needs of our Group.

To cope with the expansion of business, our Group will employ more IT staff in future, particulars of which are set forth in the section headed "Statement of business objectives" in this prospectus. In the interim, our Group has assigned the business development department to provide support to the IT department.

COMPETITIVE STRENGTHS

Experience in providing human resources services

We have been in the human resources outsourcing services market in Hong Kong for around 10 years. During these years, we have accumulated practical experiences in the provision of human resources services to our clients. We are able to help our clients match their staffing needs to their business demands.

In order to ensure the quality and standard of our staff outsourcing services, our Group will assign a team to attend to our clients' needs. The team is responsible for managing the recruitment cycle including identifying and sourcing candidates and employee assessment and selection. As part of our staff outsourcing services, we will maintain an employer-employee relationship with the outsourcing staff until the expiry or early termination of the employment contract or when our clients offer to employ the outsourcing staff, whichever shall first occur. During the employment of our outsourcing staff, we as their employer will handle administrative works in relation to their employment such as preparing employment contracts, payroll calculation and processing, administering employee's benefits and preparing and filing the employer's return and notifications to the IRD.

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For executive/staff search services, we are able to source candidates with the requisite credentials to fill our clients' positions by understanding their companies, products and industries. We will make use of advertisements, our business network and our database to initiate searches for suitably qualified individuals to meet the business needs of our clients.

Our Directors believe that our experience in providing a variety of human resources services helps our clients source suitably qualified individuals and/or streamline their human resources management processes in a timely and cost effective manner in the prevailing competitive and fast-paced business environment.

Long term relationship with our major clients

We have maintained long term business relationship with a number of our major clients. Our Directors believe that our close relationship with our clients is built on our understanding of the business cultures and philosophies of our clients and our ability to provide services that meet our clients' needs. Our top client has been in business with us for approximately 10 years and we have been serving our top five clients for periods ranging from approximately 4 to 10 years.

This group of loyal clients lays a solid foundation upon which we could develop new clients and diversify into new business areas.

Stable and experienced management team

We have around 10 years of experience in the human resources outsourcing service market. Most members of our management team has been with us for not less than 3 years and has diversified experience in business operation, sales and marketing, finance, administration and human resources management. We believe that our industry knowledge, diversified experience of our management team and their in-depth knowledge of market trends and clients' needs are essential to our success and future development.

Self-developed eHRIS software

We place great emphasis on the continued development and enhancement of our own eHRIS software. Our IT department works closely with our business development department in collecting information on the changing market conditions and regulatory requirements as well as our clients' feedback for upgrading and enhancing our eHRIS software. Our Directors believe that the timely enhancement of our eHRIS software is essential to maintaining competitiveness in the market and we have the capability to further enhance the functionality and features of the information system. Our Directors believe that our eHRIS software enhances our competitiveness in terms of the speed of delivery and pricing of our services to our clients.

OUR STRATEGIES

We aim to continue to build on our experience in the human resources consultancy solution and service industry in Hong Kong, to consolidate and strengthen our business relationship with existing clients, develop new clients and to expand our business into the PRC and Singapore markets. To achieve these objectives, we plan to implement the following business strategies:

Strengthen and expand our client base

We will continue to build on our existing client base and develop new clientele. We will communicate with our existing clients to understand their needs and requirements and explore new cooperation opportunities from time to time. We will meet with potential clients to introduce the profile of our Group, our services and products and our competitive strengths to secure business with them. We believe that our experience and clientele in the human resources industry in Hong Kong can help us source new clients.

Geographical expansion of market

Sales of our eHRIS software in the PRC market only accounted for approximately nil, 1.4% and 0.6% of our revenue during the Track Record Period. We believe that with the proliferation of privately-owned enterprises in the PRC, there is great potential for the growth of human resources information system in the PRC market and with our experience in the human resources industry in Hong Kong, we would be able to expand our executive/staff search business in the PRC and Singapore.

Pursuing future growth opportunities

To complement our existing business, we will actively pursue external opportunities that present compelling growth prospects. We believe that through selective acquisitions of our competitors, we can enhance our competitiveness and strengthen our market position. As at the Latest Practicable Date, we have not identified any potential acquisition targets. We will carefully consider and evaluate each potential acquisition to ensure that they provide synergies to our business and are capable of being successfully integrated into our existing business platform.

DESCRIPTION OF BUSINESS

Staff outsourcing services

Staff outsourcing is a kind of human resources outsourcing where outsourcing service providers recruit, employ and remunerate employees who will be designated to work for their clients. During the employment of the outsourcing staff, such service providers will usually handle administrative works in relation to their employment such as the preparation of employment contracts, payroll calculation and processing, administering employee's benefits and preparing and filing relevant tax returns. Staff outsourcing provides ready access to relevant manpower which enhances the flexibility in staffing and lower the staff operation cost at the same time.

BUSINESS

Our Group has been in the staff outsourcing services market in Hong Kong for around 10 years. As at the Latest Practicable Date, we had seven clients using our staff outsourcing services, of which three were in the banking industry, one was in the telecommunications industry, one was in the insurance industry and two were in the IT industry.

With knowledge about our clients' companies, products and industries, we are able to provide staff outsourcing services to help our clients meet their staffing needs to business demands within a short period of time. We are responsible for the recruitment process for the staff outsourcing services, which includes recruitment advertising, conducting interview and assessment, preparing employment contract, briefing the outsourcing staff on their employment contract, handling routine payroll and providing other human resources administration support. We will recruit new staff, redeploy our existing outsourcing staff or solicit and re-employ our former outsourcing staff in accordance with our clients' request in respect of staff headcount requirements, experience, qualifications and skill-sets.

In addition, we provide mass recruitment staff outsourcing services, which is recruitment for many vacancies within an organisation at any one time, to our clients. Upon receiving instructions from our clients, we will recruit the required outsourcing staff through a number of sources, such as advertising on recruitment websites, holding a recruitment day at our clients' designated offices or attending career fairs. If the number of final candidates is less than that requested by our clients, we will continue to search our database or through clients' referral and present suitable candidates to our clients.

The framework staff outsourcing service agreements entered into between our clients and us usually contain the following provisions: (i) the scope of our services; (ii) the duration of the agreement, which may be a fixed term ranging from 1 year to 3 years (and in some cases, with an option to renew by the relevant client for a further term of 1 year or 2 years) or an indefinite term subject to early termination by one month's written notice served by either of the parties; (iii) the basis of our service fees, which is usually a fixed monthly fee per outsourcing staff or a specified percentage of the monthly basic salary or total monthly remuneration package of the outsourcing staff; and (iv) payment terms of our service fees.

As advised by our Hong Kong legal advisers, all our framework staff outsourcing service agreements are legally binding on our respective clients and us. Except that (i) Client A reserves the right to modify at any time the scope of services to be provided by us or to request for the performance of additional services, (ii) Client B may require enhanced services to be provided by us if it reasonably deems necessary in order to bring it in line with market standards and to cope with changes in its business strategies and the additional costs and charges upon which such enhanced services are to be provided by us shall be negotiated in good faith and mutually agreed by Client B and us; however, the framework staff outsourcing service agreement between Client B and us provides no alternative mechanism for fixing the additional costs and charges for such enhanced services in the event of failure of agreement between the parties and (iii) the number and duration of the outsourcing staff to be seconded by us to our clients in the banking and insurance sectors are not fixed under their respective framework staff outsourcing service agreements, our Directors have confirmed that none of the

BUSINESS

salient commercial terms of our framework staff outsourcing service agreements (including the duration of the agreement and the basis of calculation and payment of the service fees) is subject to further negotiation or agreement between our respective clients and us or unilateral alteration by our respective clients. Our Directors have further confirmed that during the Track Record Period and up to the Latest Practicable Date (i) Client A had not exercised its right to modify the scope of services under its previous or current framework staff outsourcing service agreement with us to any material extent; and (ii) Client B had not required any enhanced services to be provided by us.

Our outsourcing staff

The outsourcing staff provided by us are mainly responsible for (i) sales services of our clients such as telemarketing sales, merchant and direct banking sales; (ii) contact services such as customer service representatives; (iii) general marketing support services such as marketing analysts; (iv) IT services such as website administration, programming, system and support; (v) general operations services such as clerical and administration work, and (vi) business management service such as management reporting manager.

As at 31 March 2011, 31 March 2012 and 30 September 2012, we had seconded 645, 611 and 643 outsourcing staff to our clients respectively. The following tables sets out the breakdown of the number of our outsourcing staff on secondment to our clients by nature of services and by academic qualification as at the end of each of the Track Record Period:

The nature of services provided by the outsourcing staff	As at 31 March		As at 30
	2011	2012	September
	Number of staff	Number of staff	Number of staff
Sales services	385	333	357
Contact services	6	5	9
General marketing support services	67	81	70
IT services	5	20	19
General operations services	176	167	185
Business management services	6	5	3
	645	611	643
	645	611	643

BUSINESS

	As at 31 March		As at 30
	2011	2012	September
	Number of staff	Number of staff	2012 Number of staff
Academic qualification of the outsourcing staff			
Primary education	1	1	1
Secondary education (including Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination)	477	376	350
Sub-degree	51	88	106
Bachelor's degree	108	138	177
Advanced degree	8	8	9
	<u>645</u>	<u>611</u>	<u>643</u>

During the Track Record Period, we had 385, 333 and 357 outsourcing staff on secondment to provide sales services to our clients, representing approximately 59.7%, 54.5% and 55.5% of our outsourcing staff respectively. For the two years ended 31 March 2012 and the six months ended 30 September 2012, the average monthly salary package of the outsourcing staff was approximately HK\$17,600, HK\$18,000 and HK\$19,700 respectively. The salary packages of our outsourcing staff vary depend on their positions, job nature and experiences. Some of our outsourcing staff are eligible to participate in the Discretionary Incentive Schemes under which the outsourcing staff are entitled based on the business or sales volume generated by them in each month or such criteria as may be specific by our clients from time to time.

The following table sets out the breakdown of the number of our outsourcing staff on secondment to our clients by length of service with us as at the end of each of the Track Record Period:

	As at 31 March		As at 30
	2011	2012	September
	Number of staff	Number of staff	2012 Number of staff
Length of service with us			
Less than 1 year	443	313	325
1 year or above but less than 3 years	129	225	246
3 years or above but less than 5 years	42	36	35
5 years or above	31	37	37
	<u>645</u>	<u>611</u>	<u>643</u>

BUSINESS

The number of outsourcing staff decreased with the increase in length of service with us mainly because of a majority of the outsourcing staff is recruited on behalf of our clients for junior positions and/or on a temporary basis and in our Directors' experience, there is a tendency for these outsourcing staff to change jobs that offer better prospects in the first or second year of their employment by us. The overall turnover rate of the outsourcing staff was approximately 123.56%, 119.47% and 50.23% for the two years ended 31 March 2012 and for the six months ended 30 September 2012 respectively. The turnover rate is calculated by dividing the difference of the total hired outsourcing headcounts for the year and the total active outsourcing headcounts at the end of the respective year/period by the total active outsourcing headcounts at the end of the respective year/period. Our Directors considered that our high outsourcing staff turnover rate was mainly attributable to the flexibility for the outsourcing staff to shift their roles to other industries or functions given that the most jobs offered by our clients are high-mobility in nature and do not require any professional qualification.

As far as our Directors are aware, there is no official or other publicly available information in relation to the turnover rate of outsourcing staff in the human resources consultancy solution and service industry in Hong Kong. Given that the staff outsourcing activity is labour-intensive in nature and the outsourcing staff are usually seconded to different clients in different industries, our Directors consider that it is not a common industry practice to compute the turnover rate of outsourcing staff.

The following table sets out the breakdown of the number of our outsourcing staff on secondment to our clients by industry sector as at the end of each of the Track Record Period and as at the Latest Practicable Date:

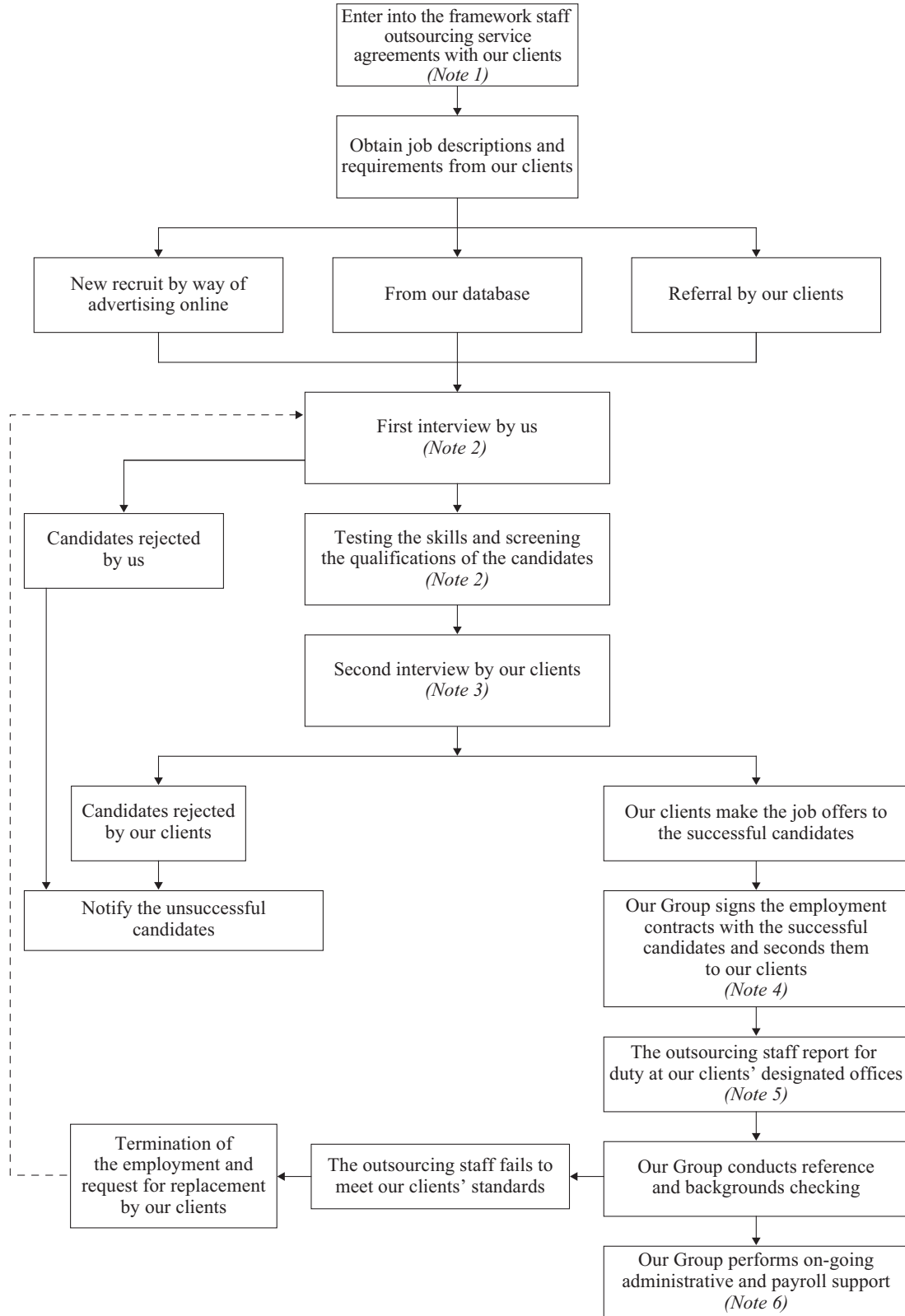
	As at 31 March		As at 30 September 2012	As at the Latest Practicable Date
	2011	2012	2012	Date
	Number of staff	Number of staff	Number of staff	Number of staff
Banking	553	516	541	532
Telecommunications	58	63	75	78
Insurance	31	24	24	41
IT	3	3	3	3
Hospitality	0	5	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u> </u> 645	<u> </u> 611	<u> </u> 643	<u> </u> 654

The entry barrier of the human resources industry is considered by our Directors to be low given that most of outsourcing staff do not possess the relevant industrial experience and over half of them are seconded to provide sales services to our clients that do not require any professional qualification.

BUSINESS

Process

The following flow chart is a general overview of the major steps involved in the provision of our staff outsourcing services:



BUSINESS

Notes:

1. We are responsible for soliciting new business through tenders, incoming enquiries and active pitching. We will collect and identify the employment requirements of our clients including the nature of the job, qualification and years of experience. After considering the availability of resources and possibility of meeting the service requirement, our human resources department will prepare the relevant proposal or service quotation for our clients' consideration.

We will first shortlist candidates found in our database or through advertising on recruitment websites or in the printed media, distributing recruitment handbills or participating in recruitment exhibitions or by clients' referral who match the requirements of our clients for our further screening.

2. The candidates will first be interviewed and screened by us before they are referred to our clients.
3. We will arrange for the selected candidates to be interviewed by our clients.
4. For those successful candidates accepted by our clients, we will sign the employment contracts with them and second them to our clients.
5. The successful candidates will then report to duty at our clients' designated offices. Our clients usually provide training to such candidates.
6. We are responsible for providing the on-going administrative and payroll service support to our client.

We are responsible for soliciting new business through tenders, incoming enquiries and active pitching. We will collect and identify the employment requirements of our clients including the nature of the job, qualification and years of experience. After considering the availability of resources and possibility of meeting the service requirement, our human resources department will prepare the relevant proposal or service quotation for our clients' consideration. Upon the acceptance of the proposal or service quotation by our clients, a designated staff from our human resources department will be assigned to take care of them.

During the service period, our clients will notify us their employment requirements including the job nature, the number of headcount, experience, qualification and skill-sets if the recruitment of outsourcing staff are required. After receiving our clients' instructions, we will first shortlist candidates found in our database or through advertising on recruitment websites or in the printed media, distributing recruitment handbills or participating in recruitment exhibitions or by referral of our clients who match the requirements of our clients for our further screening. Upon our clients' request, we will also screen and interview candidates referred to us by our clients. During the screening process, we will test the skills and screen the working experience and qualifications of the candidates. Usually, we will arrange for the selected candidates to be interviewed by our clients and our clients have final selection decision on the successful candidates.

BUSINESS

Upon the confirmation of the successful candidates by our clients, we will be responsible for negotiating the employment terms with the successful candidates on behalf of our clients in accordance with their instructions. We may also brief our clients on remuneration packages based on our understanding of the current market trend. If our clients confirm the employment terms and the final candidates accept the offers, we will prepare and sign the employment contracts with such candidates. The outsourcing staff will remain as our employees but will work at places designated by and under the supervision of our clients. Typically, the outsourcing staff will not work in our office. Our clients may provide training to our outsourcing staff after the employment by us or upon the commencement of their work. Upon the commencement of the outsourcing staff's employment, we will conduct reference checks to verify their qualifications, previous employment history and the relevant background checks, such as credit checks. Under the framework staff outsourcing service agreements with some of our clients, we shall produce periodic reports such as turnover report and headcount report on our outsourcing staff seconded to such clients and performance evaluation reports on the timeliness and accuracy of our services.

As our clients usually do not stipulate a minimum secondment period for our outsourcing staff in their framework staff outsourcing service agreements with us in order to enable them to flexibly manage their staffing levels according to changing business conditions, our employment contracts with our outsourcing staff are typically open-ended or for a term of not more than one year. For each of the two years ended 31 March 2012 and for the six months ended 30 September 2012, approximately 96.4%, 97.7% and 96.8% of the outsourcing staff were employed by us on a full-time basis respectively. In the majority of the employment contracts entered into between us and our outsourcing staff, it is stipulated that we are entitled to terminate the employment of our outsourcing staff at any time by giving seven days' notice in writing or paying wages in lieu of such notice after completion of the first month of the probation. As advised by our Hong Kong legal advisers, such term of termination complies with the Employment Ordinance. If we shall become liable to make any severance payment or other statutory compensation to our outsourcing staff under the Employment Ordinance due to our clients' termination of the secondment of our outsourcing staff, our clients are obliged to reimburse or will, as a matter of practice, reimburse such severance payment or other statutory compensation to us. For further details, please refer to the paragraph headed "Other ancillary duties" in this section. In this way, we would be able to limit our potential financial exposure to our outsourcing staff should our clients scale down their business or terminate their relationship with us. In general, our Group would only hire our outsourcing staff at the request of our clients and we will not keep any outsourcing staff without a secondment readily available. As at the Latest Practicable Date, our Group had employed 654 outsourcing staff, 32 of whom were hired for a term of not more than one year.

BUSINESS

Our outsourcing staff are entitled to sickness allowance in accordance with the Employment Ordinance. An outsourcing staff employed by us under a continuous contract is entitled to sickness allowance if (i) the sick leave taken is not less than four consecutive days (unless for any day off taken by a female employee for her pregnancy check-ups, post confinement medical treatment or miscarriage, any such day on which she is absent shall be counted as a sickness day and, subject to the following conditions, be paid sickness allowance); (ii) the sick leave is supported by an appropriate medical certificate issued by a registered medical practitioner, registered Chinese medicine practitioner or registered dentist; and (iii) the outsourcing staff has accumulated sufficient number of paid sickness days. In general, the outsourcing staff shall inform our clients' supervisor at or before the time specified in his/her employment contract on the date of absence. The outsourcing staff shall submit a medical certificate to the designated staff of our clients after resuming work and the original copy will be kept by us.

Our outsourcing staff may come into possession of certain proprietary or confidential information pertaining to our clients or their businesses while they perform their duties to our clients. To prevent any unauthorised disclosure of such proprietary or confidential information by our outsourcing staff, it is usually provided in our employment contract with our outsourcing staff that he or she must sign a non-disclosure agreement with us at the commencement of his or her employment. Moreover, pursuant to the framework staff outsourcing service agreements with some of our clients (including our Top Clients), we must ensure that our outsourcing staff would provide to the relevant client a confidentiality undertaking or an acknowledgement of the relevant clients' privacy policies. Such non-disclosure agreements, confidentiality undertaking or acknowledgement of privacy policies imposes an obligation on our outsourcing staff not to disclose to any person or corporation any information relating to our clients such as their customers, employees, operational procedures, policies or information which have been disclosed to them during their secondment to our clients. During the Track Record Period and up to the Latest Practicable Date, we had not had any complaints or incidents of unauthorised disclosure of our clients' confidential information by our outsourcing staff.

Service fees

Our service fees for secondment of outsourcing staff will be chargeable upon the commencement of the employment of our outsourcing staff. Taking into account the business of our clients, number of headcounts and the job nature of the outsourcing staff, our service fee is usually a fixed monthly fee per outsourcing staff or a specified percentage of the monthly basic salary or total monthly remuneration package of our outsourcing staff, on top of their basic salaries, MPF contributions and other employee benefits (the "Total Monthly Remuneration").

BUSINESS

The following table sets out the breakdown of the number of outsourcing staff on secondment to our clients as at the end of each of the Track Record Period by the charging basis of our service fee:

Charging basis of our service fee	As at 31 March 2011		As at 31 March 2012		As at 30 September 2012	
	Number of outsourcing staff	Approximate percentage of our outsourcing staff	Number of outsourcing staff	Approximate percentage of our outsourcing staff	Number of outsourcing staff	Approximate percentage of our outsourcing staff
	(a) A monthly fixed fee for each of our outsourcing staff	394	61.1%	451	73.8%	472
(b) A specified percentage of the monthly basic salary of each outsourcing staff	37	5.7%	61	10.0%	69	10.7%
(c) A specified percentage of the Total Monthly Remuneration of each outsourcing staff	37	5.7%	54	8.8%	56	8.7%
(d) Other bases*	177	27.5%	45	7.4%	46	7.2%
	<u>645</u>	<u>100%</u>	<u>611</u>	<u>100%</u>	<u>643</u>	<u>100%</u>

* *Other bases comprise (i) (a) or (c) whichever is higher; (ii) a combination of (a) and (c); and (iii) a fixed fee per sale generated by our outsourcing staff.*

Pursuant to the framework staff outsourcing service agreements with some of our clients, where any of our outsourcing staff is referred to us by our clients, our service fee may be charged at a lower rate as compared with the outsourcing staff sourced, employed and seconded to our clients by us.

All the above service fees and arrangements are agreed between our clients and us at or before the execution of the relevant framework staff outsourcing service agreements and shall remain unchanged during the contract period unless otherwise mutually agreed between our clients and us.

The service fees are usually charged on a monthly basis and we, as the employer of our outsourcing staff are responsible for handling their employment related administrative work, such as preparing employment contracts, payroll calculation and processing, administering employee benefits, providing them with compulsory employee compensation insurance and preparing and the filing relevant employer's return and notifications to the IRD.

BUSINESS

Where our outsourcing staff are eligible to participate in the Discretionary Incentive Schemes, our clients will calculate and notify us the relevant amount of Discretionary Payments to which our outsourcing staff are entitled based on the business or sales volume generated by them in each month or such other criteria as may be specified by our clients from time to time and we will invoice our clients accordingly. We shall not be obliged to make the relevant Discretionary Payments to our outsourcing staff until we have received payments in respect thereof from our clients under most of the Discretionary Incentive Schemes or we will first settle the Discretionary Payments and recoup the amounts paid by us from our clients for certain of the other Discretionary Incentive Schemes. Our Directors will take into account such factors as the basis of determination of the Discretionary Payments, the credit record and the length of relationship between us and the relevant client when they decide whether or not to accept settlement of the Discretionary Payments by the relevant client in arrears. The time of payment of the Discretionary Payments varies from client to client but such payments are usually made in the salary payment of the first or second month after the month in which our outsourcing staff have earned them.

Other ancillary duties

As part of our staff outsourcing services, we are responsible for paying their basic salaries, overtime pay, MPF contributions and other employee benefits to our outsourcing staff. Some of our outsourcing staff are required to submit their time sheets to us at the end of each month for various purposes, such as calculating salary and overtime pay. If there is any overtime pay incurred, our outsourcing staff must obtain the approval from our clients' supervisors. After our calculation, thorough checking on the accuracy amount of the monthly payroll and verification of the amounts claimed against supporting documents provided, a payroll report containing details of our clients' employees' salaries, overtime pay, the MPF contributions and other pay items will be sent to our clients for their approval prior to paying our outsourcing staff, if our framework staff outsourcing service agreement with the particular client so stipulates. Generally, our clients will approve the payroll report within two days after our submission. Of the seven clients using our staff outsourcing services as at the Latest Practicable Date, two of them (including Client A) will require us to submit the payroll report for their approval or confirmation before we pay our outsourcing staff while there is no such requirement for the remaining clients (including Client B) and in those cases, we will send the payroll report to our clients for their verification and record keeping after we have paid our outsourcing staff. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any incident where our clients had withheld approval of the payment to our outsourcing staff nor had we received any complaints from our clients about material errors in our payroll reports or wrongful payment to our outsourcing staff. Subject to our clients' approval of the payroll (if required), the relevant salary, overtime pay and MPF contributions will be paid by our clients either in advance or reimbursed subsequently depending on our length of business relationship with our client and the background and financial strength of our clients on a case-by-case basis.

We are also responsible for submitting the remittance statements and arranging the payment to the trustee of the MPF scheme. Other employee benefits, such as medical or other insurance benefits offered by our clients to the outsourcing staff will be invoiced to our clients at the agreed costs on a monthly basis.

BUSINESS

Furthermore, we are responsible for preparing electronic payslips to most of our outsourcing staff via our ePayslip application, who will be assigned a unique username. We will send an email notification with details of the usernames to the newly joined outsourcing staff via our eHRIS software and the outsourcing staff is required to activate his or her own account. After activation, a default password and the company code will be sent to such outsourcing staff via our eHRIS software. The company code usually represents our client whom our outsourcing staff works for. Our outsourcing staff can logon to our ePayslip application through our website by entering the designated company code, his or her unique usernames and passwords. ePayslip enables our outsourcing staff to check his or her current and previous payroll records online. For details of our eHRIS software, please refer to the paragraph headed "Sales of eHRIS software" in this section.

If an outsourcing staff voluntarily resigns, we will notify our clients within a reasonable period (usually within 4 to 7 business days before his or her last day of employment) and, if requested, will find a replacement outsourcing staff without additional handling cost to our clients. If our clients are not satisfied with the performance of the outsourcing staff or if our outsourcing staff fails to meet the clients' standards, our clients shall have the right to terminate the secondment of that outsourcing staff. We will be responsible for notifying our outsourcing staff in respect of the termination and calculating the amount of salaries and other statutory compensation to which such outsourcing staff is entitled upon termination. If we shall become liable to make any severance payment or other statutory compensation to our outsourcing staff under the Employment Ordinance due to our clients' termination of the secondment of our outsourcing staff, we shall be entitled to seek reimbursement of such severance payment or other statutory compensation incurred by us pursuant to our framework staff outsourcing service agreements or service agreements with four (including Client A) of the seven clients using our staff outsourcing services as at the Latest Practicable Date whereas we have no such express contractual entitlement pursuant to our framework staff outsourcing service agreements with Client B and our two other clients in the IT sector. However, we sought clarification of the above matter during a periodic service review conference held between representatives from Client B and us in January 2013 and it was mutually understood between Client B and us that Client B would reimburse any severance payment or other statutory compensation which may be incurred by us arising from its termination of the secondment of our outsourcing staff. As we had only seconded three outsourcing staff to our two clients in the IT sector during the Track Record Period, our Directors do not consider our Group's potential exposure to severance payment or other statutory compensation to these outsourcing staff to be material. During the Track Record Period, there were 28, 26 and 7 outsourcing staff whose secondment had been terminated due to their failure to meet our clients' standards. Our clients may request for a replacement outsourcing staff and we will find a replacement outsourcing staff for our clients within the period agreed between our clients and us. Where our clients request for a replacement outsourcing staff, the replacement outsourcing staff will be considered as a new outsourcing staff seconded to our clients and our service fee will be charged in accordance with the relevant framework staff outsourcing service agreements.

BUSINESS

If our clients wish to employ our outsourcing staff, our clients may be required to pay us a conversion fee which is calculated based on a percentage of that outsourcing staff's new annual remuneration package with a discount rate up to 50%, which depends on the duration for which the outsourcing staff has been seconded to our clients. Generally speaking, the longer the outsourcing staff has been seconded to our clients, the steeper the discount rate will be. Depending on the arrangement with our clients, we may not charge any conversion fee for those or our outsourcing staff who are referred by our clients but employed by us and seconded to our clients by us.

Save for termination of the secondment of 28, 26 and 7 outsourcing staff due to their failure to meet our clients' standards or expectations during the Track Record Period as mentioned above, we had not received any complaints in relation to our outsourcing staff during the Track Record Period and up to the Latest Practicable Date. We have implemented relevant guidelines to ensure prompt and proper handling of client complaints. When we receive a complaint from our clients, our senior staff in charge of complaints will make relevant inquiries with the complainant to ascertain the nature of his/her complaint and determine the extent of the remedial actions required. Where the complaint relates to a simple matter, our senior staff will try to resolve the problem expeditiously and advise the complainant of the outcome as soon as practicable after the resolution thereof. Where the complaint involves sensitive or complex issues, our senior staff will advise the complainant in writing of our plan of action and the estimated timeframe for our resolution of the problem. In addition, our senior staff will immediately notify our executive Directors if the complaint relates to the misconduct of our outsourcing staff. We will ensure that the complainant will be kept fully informed throughout the complaint process and all information pertaining to the complaint will be properly documented and filed for future reference. After the complaint, we will analyse the root causes of such complaint, identify any weaknesses in our staff outsourcing process and if necessary, implement appropriate measures to prevent recurrence of the same or similar problems giving rise to such complaint. Where we have adopted new measures to improve our staff outsourcing process, we will disseminate new guidelines in respect of such measures to all our internal staff and make sure that they will strictly adhere to such new guidelines. During the Track Record Period and up to the Latest Practicable Date, we had not received any complaints from our clients in respect of any deficiency in our complaints' handling procedures or the manner in which we had handled any particular complaint.

Save for our client in the telecommunications sector which has chosen to enter into a separate service agreement with us for each outsourcing staff seconded to them, during the Track Record Period, there were 6 renewals and 1 termination (by effluxion of time) of the framework staff outsourcing service agreements by our clients using our staff outsourcing services and there was no early termination of the framework staff outsourcing service agreements or service agreements by any of our clients.

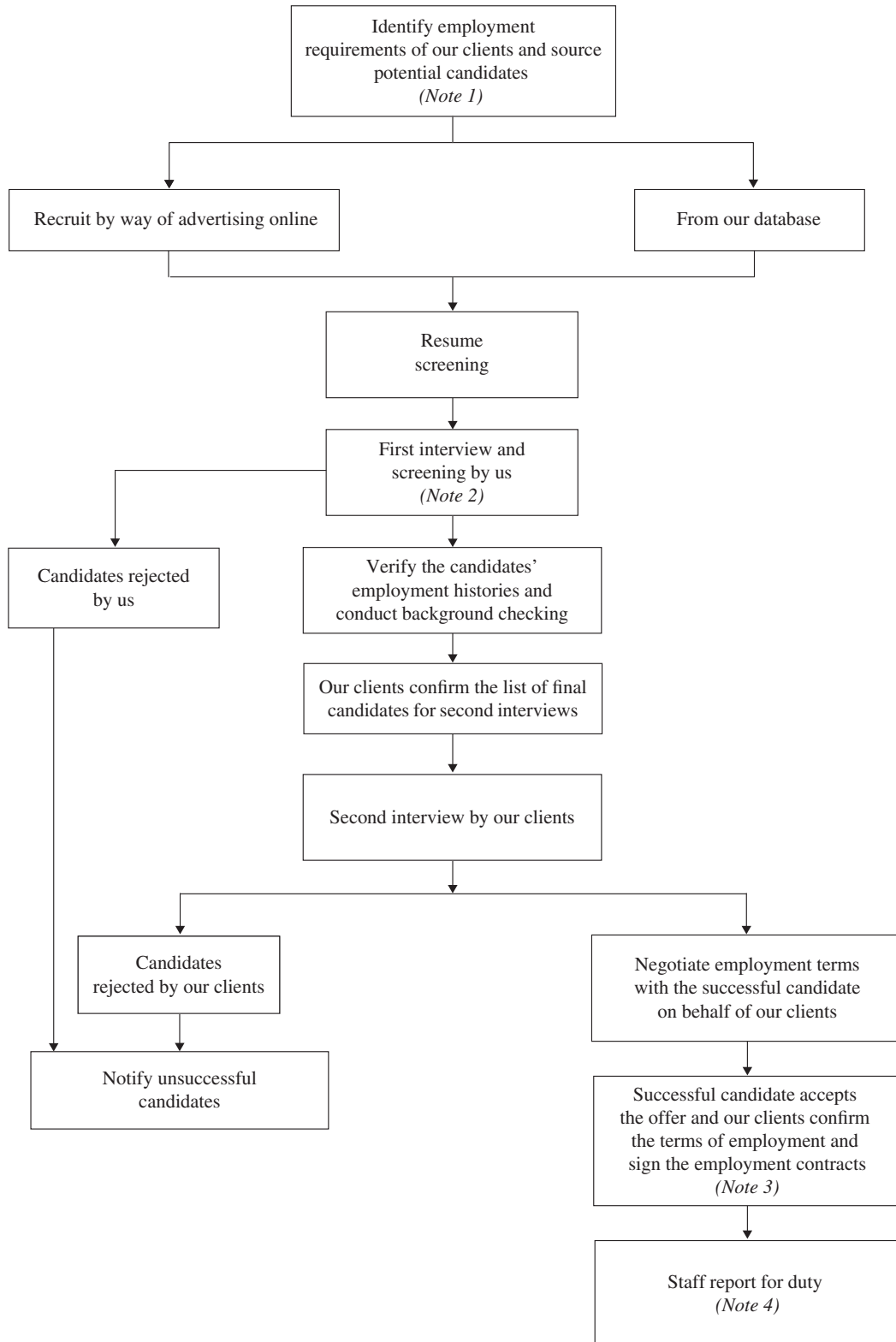
Executive/staff search services

We provide executive/staff search services to employers seeking appropriate executives and staff to fulfill their needs. We have maintained a database of personnel to match the needs of our clients and we may also post advertisements on recruitment websites to recruit potential candidates. Our clients using our executive/staff search services are mainly corporations in the banking industry.

BUSINESS

Process

The following flow chart is a general overview of the major steps involved in the provision of our executive/staff search services.



BUSINESS

Notes:

1. Our executive/staff search department is responsible for soliciting new business through incoming enquiries, referrals and active pitching. We will collect and identify the employment requirements of our clients including the job nature, qualification and years of experience. After considering the availability of resources and possibility of meeting the service requirement, we will prepare a correspondent service quotations for our clients' consideration.

Upon the acceptance of the service quotations by our clients, we will identify and source for potential candidates from our database or through online advertising.

2. The candidates will first be interviewed and screened by our Group before they are referred to our clients.
3. For those successful candidates accepted by our clients, we will arrange the employment contracts to be signed between such candidates and our clients.
4. The successful candidates will then report to duty at our clients' designated office. Our executive/staff search department will conduct follow up call to such candidates one week after their commencement.

After receiving our client's instructions, we will identify and source potential candidates from our database, or through advertising online. We will then compile a list of potential candidates who match the job descriptions provided by our clients or the requirements identified by us (if our clients so requested). Before making referrals to our clients, we will screen the potential candidates and shortlist the suitable candidates by conducting first interviews with and background checks against the potential candidates. We will respond to our clients' requests and refer the suitable candidates that match the requirements of our clients within a reasonable time. Our clients will decide whether the potential candidates would be required to attend a second interview with them. We will arrange for the selected candidates to attend a second interview with our clients.

Upon the confirmation of employment of the successful candidate by our clients, we will be responsible for negotiating the employment terms with the successful candidates on behalf of our clients in accordance with their instructions. We may also brief our clients on their current position in the market in terms of their attractiveness to candidates. If our clients confirm the employment terms and the successful candidates accept the offer, we will arrange the successful candidates and our clients to sign the employment contracts.

Service fee

Our fees for the provision of executive/staff search services are calculated based on the percentage of the successfully placed candidate's annual remuneration package in the first year of his or her employment. Pursuant to our framework executive/staff search service agreements, payment of our service fees shall be made to us within a period typically ranging from 30 days to 60 days from the date of our invoice which will be issued after the successful candidate has reported for duty. The credit term for each client is negotiated by us on a case-by-case basis and we will take into account such factors as the length of our business relationship with the relevant client and the relevant client's payment history, background and financial strength in setting the appropriate credit term for each client. If any candidate introduced by our Group is subsequently employed by such clients within a specified period

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after our introduction, such clients are usually liable to pay the service fees to us. Such specified period ranges from 6 to 12 months. The following table sets out the breakdown of the number of our successful executive/staff search cases by industry sector during the Track Record Period:

	For the year ended		For the	
	31 March		six months ended	
	2011	2012	30 September	2012
Banking	163	114	71	69
Telecommunications	–	9	5	–
Insurance	1	–	–	10
Securities	–	2	2	–
Manufacturing	–	2	2	–
Advertising	1	–	–	–
Conglomerates	–	1	1	–
Commerce	1	–	–	–
Technologies	–	–	–	1
Luxury goods	–	–	–	4
FMCG	–	–	–	1
Food and beverage	–	–	–	1
Retail	–	–	–	7
	<u>166</u>	<u>128</u>	<u>81</u>	<u>93</u>

Note: Based on the actual number of candidates introduced through us and subsequently employed by our clients (excluding free replacement candidates in accordance with the terms of our framework executive/staff search service agreements with our clients).

As part of our services, we may carry out follow-up services with the successfully placed candidates during the guarantee period as requested by our clients. Such follow-up services may include phone interviews with successfully placed candidates to understand their working relationship with colleagues and the overall satisfaction of their roles.

We usually offer a guarantee period ranging from 3 to 6 months from the date when the successfully placed candidates commence their employment with our clients (the “Original Guarantee Period”). If the employment of the successfully placed candidate is terminated due to such reasons as his or her voluntary resignation, unsatisfactory performance or misconduct during the Original Guarantee Period, we shall, at our own costs, find a replacement candidate for the relevant client upon request within such period (if any) as may be specified in the relevant framework executive/staff search service agreement (the “Replacement Period”). After we have found a replacement candidate for the relevant client, we will offer a new guaranteed period in respect of such replacement candidate (the “Replacement Guarantee Period”), which shall be commensurate with the duration of the Original Guarantee Period. Under the framework executive/staff search service agreements with some of our clients, we shall refund a certain percentage of our service fees to our clients in the event that we fail to find a

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replacement candidate within the Replacement Period or our clients decide not to find a replacement candidate or terminate the employment of the replacement candidate within the Replacement Guarantee Period. On the other hand, under certain of our framework executive/staff search service agreements, our clients have the discretion to require us to either refund all or a certain percentage of our service fees to them or provide a credit note for the full value of our service fees redeemable against any subsequent assignments done by us in similar circumstances described above. During the Track Record Period and up to the Latest Practicable Date, there was only one incident in which we had refunded part of our service fees to a client as we could not find a replacement candidate for such client within the Replacement Guarantee Period.

Other human resources support services

We strive to minimise the human resources cost of our clients and streamline their human resources management processes through our professional human resources support services. By utilising our human resources support services, we believe our clients can focus on their core businesses, reduce and control their operating costs and minimise their administrative burden. In addition to staff outsourcing services and executive/staff search services, we provide other human resources support services including: (i) sales of eHRIS software; (ii) payroll outsourcing services; and (iii) human resources advisory and administration services. The following table sets out the breakdown of our revenue from other human resources support services during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	Approximate percentage of our revenue	Approximate percentage of our revenue	Approximate percentage of our revenue	Approximate percentage of our revenue	Approximate percentage of our revenue	Approximate percentage of our revenue	Approximate percentage of our revenue	Approximate percentage of our revenue
	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
Sales of eHRIS software	259	0.2	4,120	2.5	8	0.0	2,126	2.4
Payroll outsourcing services	788	0.5	1,114	0.7	441	0.5	724	0.8
Human resources advisory and administration services	108	0.1	372	0.2	336	0.4	44	0.0
Total	1,155	0.8	5,606	3.4	785	0.9	2,894	3.2

Sales of eHRIS software

We have developed the eHRIS software, a suite of online based human resources workflow application, which allows our clients to automate many aspects of human resources management. It provides real-time access to vital information and allows our clients' internal human resources teams to streamline their workflow.

eHRIS

eHRIS is a web-based human resources integrated system that keeps track of key employment information such as basic personal data, current employment information, remuneration package, educational background, employment history and dependents' contact information. It is designed to allow our clients and their employees to view or manage key human resources information online and reduce the time consuming administration and clerical work.

Our Directors believe that our eHRIS software is a flexible and user-friendly human resource information system. It provides online access at any time of the day as well as useful management reports to track important employee-related information such as employee address report, staff movement report, headcount report, employee resignation report, monthly birthday report, new hire report, staff personal report and staff for payroll report. Our eHRIS software is a password protected application where the administrator is allowed to set the access rights for different group of users and add customised fields through our eHRIS software. It is also a wizard based software application which guides the users step-by-step through the process of uploading data batches or information to the system.

Our eHRIS software is available in English, traditional Chinese and simplified Chinese. Our eHRIS software are also equipped with five selective application modules, namely eLeave, ePayroll, ePayslip, eTax and eTMS. Our eHRIS software is designed to be a user friendly, flexible and an integrated human resources system that our clients can choose the combination of the application modules and delivery model that meets their business needs.

The main features of eHRIS include tracking of the following information:

- basic personal data
- personal contact details
- current employment information
- remuneration packages
- educational background
- employment history
- dependents' contact information

Set out below is a reproduction of our basic staff information page of our eHRIS software:

The screenshot shows a web browser window displaying the Zebra eHRIS software interface. The browser address bar shows the URL https://ehris.zebra.com/ehris/ent_demo/main.do. The page title is "Personal Info" and the breadcrumb trail is "eHRIS > Setup > Employee > Personal Info". The page contains a navigation menu on the left, a breadcrumb trail, and a form with various fields for personal details. The form includes fields for Employee ID, Surname, Middle Name, User Name, Marital Status, Country of Birth, Date of Birth, Nationality, Prefix, Given Name, Legal Name, Chinese Name, Other Name, Gender, Join Date, and Primary E-mail. A "No Photo" placeholder is visible on the left side of the form. The footer of the page contains copyright information: "Copyright © 2012 Zebra | All Rights Reserved | Version: 4.0.0 | 2010-01-01 | Page 4/10 | 01/12/12".

eLeave

eLeave is a web-based leave management system which does not only allow employees of the subscribers to submit leave applications online, but also enables human resources personnel to perform leave approval and generate real time reports. The system will also keep track of the employees' leave records, entitlements, leave balances and application history. Such paperless system reduces administrative costs, manpower and time and increases productivity of our clients' human resources departments.

The main features of eLeave include:

- leave planner and scheduler functions
- leave management reports
- reminder alerts and delegation of leave approval
- flexible leave policy configurations
- leave applications can be applied using daily or hourly options
- automatic calculation of leave balance and entitlements
- human resources notification for leave types that require human resources verification
- integration with payroll system

Set out below is a reproduction of our eLeave page under our eHRIS software:



ePayroll

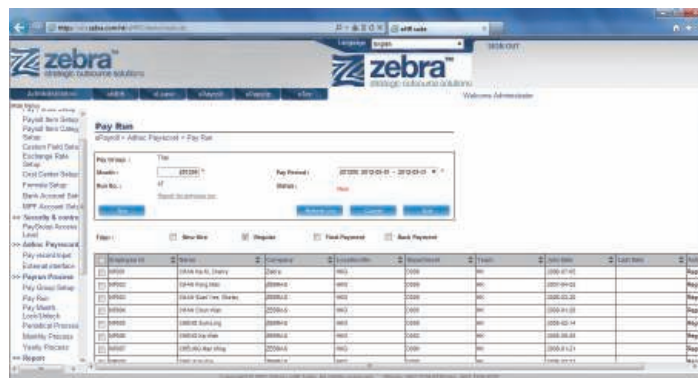
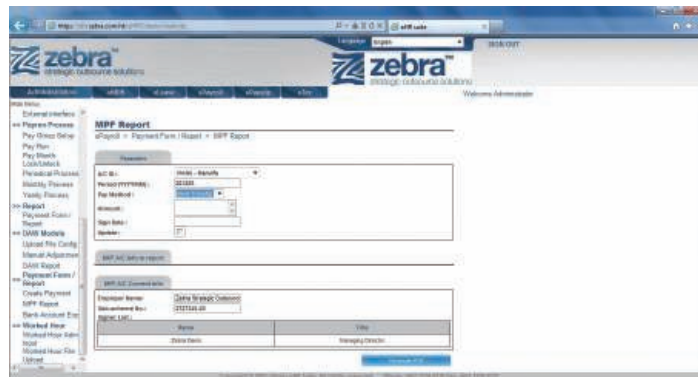
ePayroll is a web-based employees' payroll application which streamlines the payroll function. It can calculate employees' monthly net pay by consolidating relevant information such as their basic salaries, commissions, bonuses, allowances and statutory contribution percentages. It can also generate payroll reports with detailed breakdown of their payroll items for human resources personnel's review and approval. After approval of the payroll reports, it can generate electronic bank file for salary distribution as well as remittance statements for submission to trustees of MPF schemes. It is also able to generate and distribute electronic pay slips via our ePayslip applications.

The main features of ePayroll include:

- calculate employees' monthly net pay by consolidating relevant information
- mass payroll instruction upload feature
- payroll reports in various formats, e.g. excel and PDF
- reports for submission to the trustee of the MPF schemes
- generate electronic bank file for salary payment
- generate ePayslip directly for employees
- facilitate statutory minimum wages and daily average wages calculations

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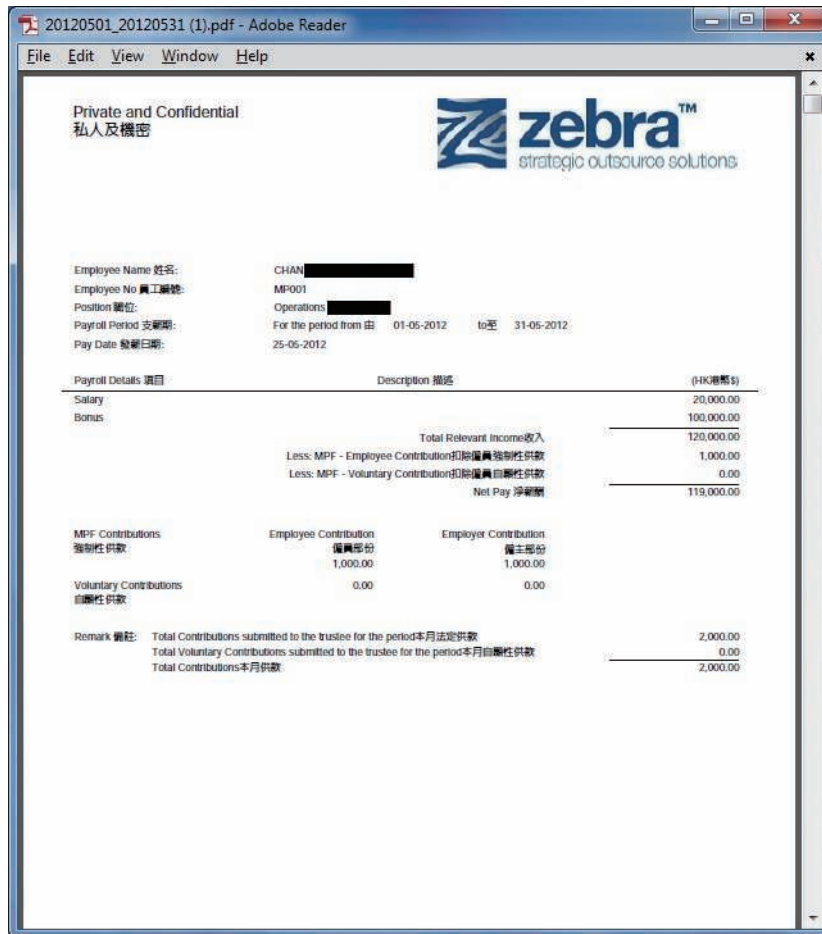
Set out below is a reproduction of our ePayroll pages under our eHRIS software:



ePayslip

ePayslip is a web-based application which enables the employees of the subscribers to check their current or previous payroll records online with their unique usernames and passwords, thereby reducing printing costs and the risk of payslips being stolen, lost or damaged during the delivery process. The ePayslip will be generated automatically once the payroll results are approved by the payroll administrator.

Set out below is a reproduction of our ePayslip page under our eHRIS software:



eTax

eTax is a web-based application that allows employees of the subscribers to view some of their employment-related tax returns compiled by our eHRIS software via the internet. Users can define the percentage and the ceiling of the mandatory contributions by both the employers and the employees. Users can also define the percentage of voluntary contributions by both employers and employees. It also allows HR personnel to manage their submission by generating returns for submission to the IRD, thus reducing the risks of the tax returns being lost during the delivery process and reducing printing costs.

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Set out below is a reproduction of our eTax page under our eHRIS software:

IR56B_2011.pdf - Adobe Reader

File Edit View Window Help

INLAND REVENUE DEPARTMENT
EMPLOYER'S RETURN OF REMUNERATION AND PENSIONS
FOR THE YEAR FROM 1 APRIL 2011 TO 31 MARCH 2012

Employee's tax file no. in Inland Revenue Department: Sheet No.: 1 ****

1. Employer's File No.: GN1 - [REDACTED]

Name of Employer: Zebra Strategic Outsource Solution Limited

2. Surname of Employee or Pensioner: CHAN ****

Other names in Full: Ka Ki, Cherry
Full name in Chinese: 陳家琪

3. (a) H.K. Identity Card Number: [REDACTED] ****
(b) Passport Number and country of issue: [REDACTED]

4. Sex (M=Male, F=Female): F ****

5. Marital status (1=Single Widowed/Divorced/Living Apart, 2=Married): 1 ****

6. (a) If married, full name of spouse:
(b) Spouse's H.K. Identity Card Number:
Spouse's Passport Number and country of issue (if known):

7. Residential address: [REDACTED]

8. Postal Address (if different from (7) above):

9. (a) Capacity in which employed: Operations Manager
(b) If part time, the name of his/her principal employer (if known):

10. Period of employment for the year from 1 April 2011 to 31 March 2012: 01/04/2011 to 31/03/2012 ****

11. Particulars of income accruing for the year from 1 April 2011 to 31 March 2012

Particulars	Period	Amount (HK\$) EXCLUDE CENTS
(a) Salary/Wages	01042011 - 31032012	360,000
(b) Leave Pay		
(c) Director's Fee		
(d) Commission/Fees		10,000
(e) Bonus	01042011 - 31032012	14,468
(f) Back pay, Terminal Awards, and Gratuities, etc.		
(g) Certain Payments from Retirement Schemes		
(h) Salaries Tax Paid by Employer		
(i) Education Benefits		
(j) Gain realized under Share Option Scheme		
(k) Any other Rewards, Allowances or Perquisites		
Nature:		
Nature:		
Nature:		
(l) Pensions		
Total:		384,468 ****

12. Particulars of Place of Residence provided: (0=Not provided, 1=Provided)

(a) Address 1:

Nature:	Period Provided:	HK\$
Rent paid to Landlord by Employer:		HK\$
Rent paid to Landlord by Employee:		HK\$
Rent Refunded to Employee:		HK\$
Rent Paid to Employer by Employee:		HK\$

(b) Address 2:

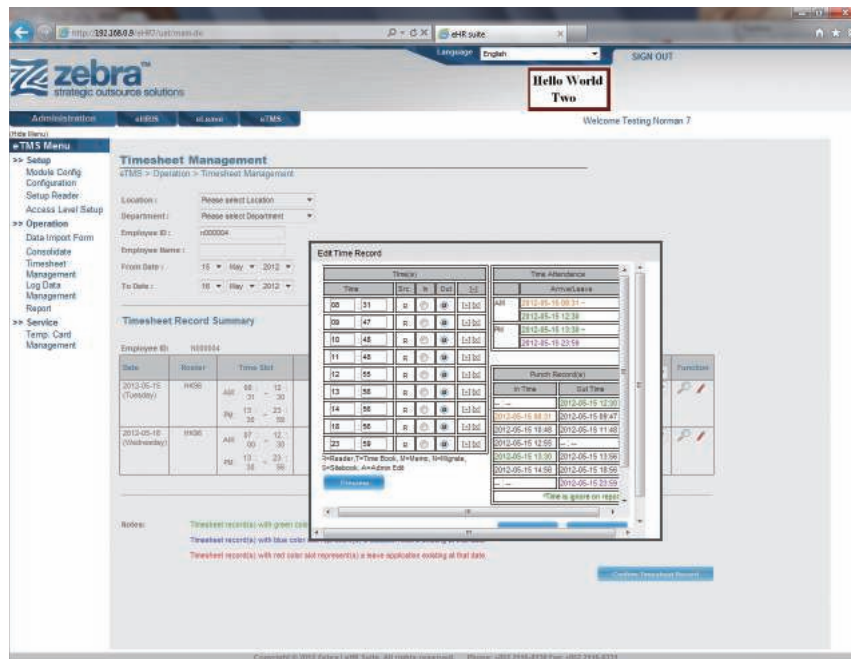
Nature:	Period provided:	HK\$
		HK\$

8.26 x 11.69 in

eTMS

eTMS is a web-based application that provides comprehensive timesheet management functionalities, including employee roster management, in-out time capture interface and time record management. Our eTMS application module can define different roster codes from a group of employees to an individual employee. The in-out time capture interface allows integration with different time capture devices, e.g. fingerprint and card reader. Together with the leave information from our eLeave system, a complete overview of employee's timesheet can be obtained.

Set out below is the extraction of our eTMS page under our eHRIS software:



We offer PAYG model and licence model for our eHRIS software. Our clients can choose the model based on their hardware and technical readiness, budget and usage planning.

PAYG model

Under the PAYG model, software application and its associated data are hosted centrally and are accessed by users using a web browser over the internet. We are responsible for providing the server, bandwidth and hosting the applications as well as the system and hardware maintenance, security and data backup measures. The applications can be accessed by our clients over the internet with their individual login usernames and passwords. Our clients can contact us for technical support through telephone hotline and emails throughout the subscription period.

The subscription fees under the PAYG model are typically charged at a fixed fee on a monthly basis according to our client's headcount. As described in the paragraph headed "Payroll outsourcing service", our clients usually acquire our payroll outsourcing service together with our eHRIS software at the same time. Under such circumstances, we may charge our clients a bundle fee which may be at a discount to the aggregated fixed fee covering the above two areas of our services.

Licence model

Licence model is a traditional model whereby the software is installed in the clients' server. We are responsible for installing the software into our clients' servers and assisting them to set up and implement the applications. Our clients would need to handle system maintenance issues such as security measures and data backup.

Our software applications are licensed to our clients upon the payment of a perpetual licence fee. The perpetual licence fee is a one-time licence fee that allows the continuous use of software by our clients and it is usually paid in instalments and the timing of instalment payments differs on a case-by-case basis. Upon the confirmation of the user acceptance test by our clients, we will provide a one year warranty period which covers services such as bug fixing and technical support. Our clients may also subscribe for our maintenance plan to obtain continuous support service and maintenance at an annual maintenance fee after the expiry of the warranty period.

Under the licence model, we also provide software customisation to our clients. These software customisations are developed by us on the basis of the existing eHRIS software applications by modifying and adjusting their respective components and modules to satisfy the clients' needs and application requirements. Software customisation usually forms part of the paid service we provide to supplement the sales of our eHRIS software.

Training, maintenance support service and warranty

Our Directors consider the training services provided by us to be not only a supporting service, but also add value to our eHRIS software provided by our Group by enabling better understanding of our clients' needs and thereby enabling our Group to develop a wider range of eHRIS software applications for various industries. Our Group will conduct a preliminary review of our client's business and prepare a customised training course and contents in accordance with their system and support requirements. A role-based training session will be customised to the specific role that our clients' employees hold, such as general users, secretaries and supervisors. Our aim is to equip the in-house administrator of our clients with skills to conduct training and provide support to general staff. Training notes and manuals will be provided by us for our clients' further reference.

Our Directors also consider the ability to provide good quality maintenance and support services as a crucial factor in enabling our Group to develop and maintain a successful business relationship with our clients. Throughout the subscription period or the warranty period of our eHRIS software applications, our clients are entitled to enjoy the system warranty, including function enhancements, system upgrades, bug fixing and configuration support. We also provide technical assistance through telephone hotline and email regarding usage and setting issues.

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The IT department and the business development department are responsible for the provision of training, maintenance and support services and warranty. As at the Latest Practicable Date, we assigned a total of 4 staff, of whom 3 had relevant experiences of not less than 4 years in software/network development from the IT department, and 1 had relevant academic background in computer science and management from the business development department. As such, our Directors consider that we have sufficient resources to undertake software development, warranty and support services in relation to our eHRIS software. We have implemented several measures to prevent failure in our eHRIS software. For further details, please refer to the paragraph headed “Backup and contingency plan” in this section.

Payroll outsourcing services

We provide payroll outsourcing services to our clients by handling payroll-related matters for their employees in Hong Kong. Our Directors understand from our clients that a company’s payroll function is a sensitive and highly confidential administrative task and it is also a costly and time consuming process. By understanding their payroll functions to us, our Directors believe that our clients can concentrate on developing and growing their core businesses.

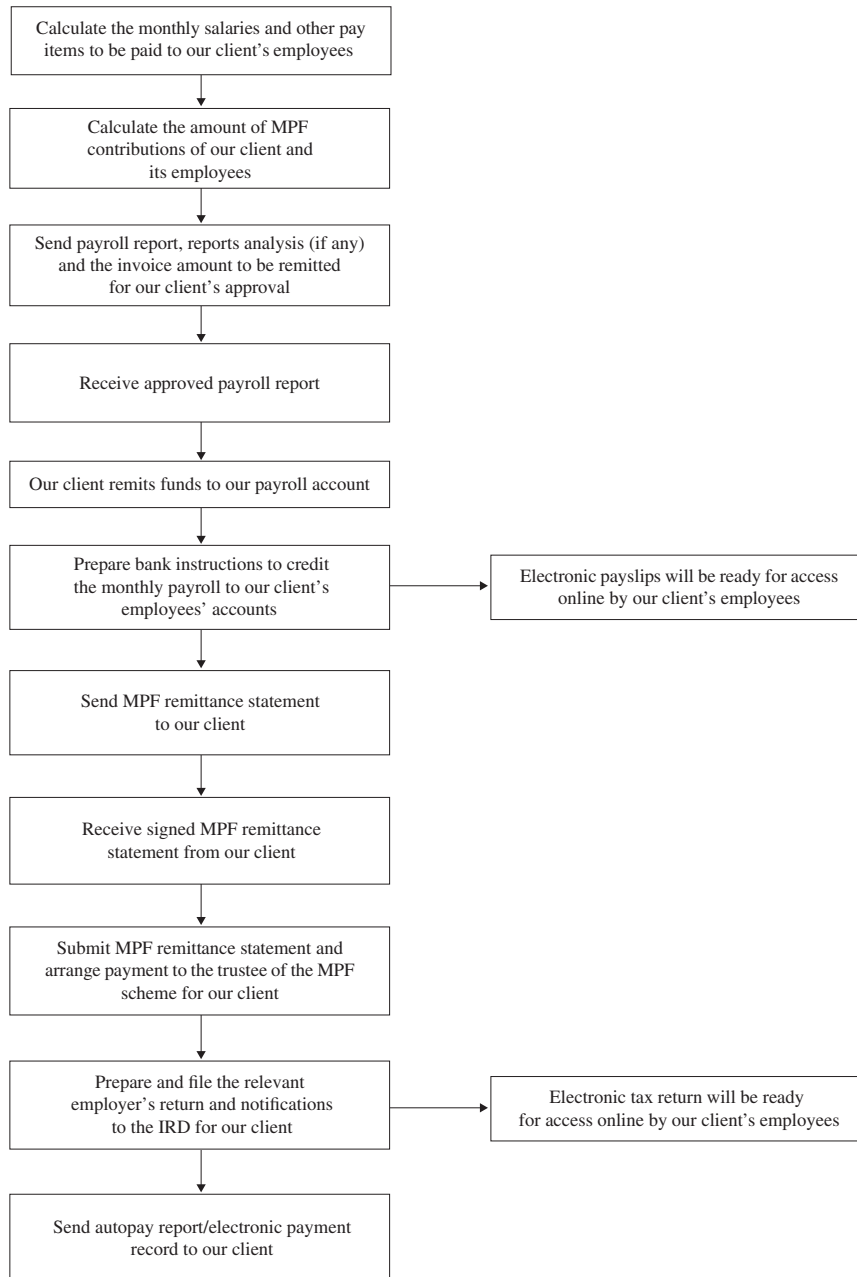
We assist our clients in administering their confidential payroll processes, conducting salary and other payment item calculation, arranging for salary payment, monitoring and maintaining payroll records and leave entitlements, conducting MPF contribution computations, administering employment-related insurances, such as employee compensation insurance, medical insurance, long term disability insurance and life insurance covering clients’ employees, preparing and filing employee’s related tax returns and providing electronic payslips through our eHRIS software. For details of our eHRIS software, please refer to the paragraph headed “Sales of eHRIS” in this section.

The payroll outsourcing services comprise two types of services, namely (i) payroll settlement services; and (ii) payroll administration/determination services.

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(i) *Payroll settlement services*

The following flow chart is a general overview of the major steps involved in the provision of payroll settlement services:



We are able to calculate the amount of basic salaries, MPF contributions and other payment items to be made to our client's employees in accordance with the terms of their respective employment contracts and other relevant documents provided by our clients. We will perform detailed checking on the arithmetical accuracy of the monthly payroll and verify the payroll amounts against any supporting documents provided. Should there be any adjustment to the employees' salary and staff movement of our clients, our clients will notify us by sending emails.

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After checking and consolidating the source documents, a payroll report containing details of our client's employees' salaries and other pay items, the MPF remittance statements, and the amount to be remitted to us will be sent to our clients for their approval. Our clients are required to remit all basic salaries, commissions, bonuses, MPF contributions and expenses reimbursement to our designated bank account prior to the agreed monthly pay date for their staff. If we have not received the remittance prior to the agreed pay date, the pay date of our clients' employees will inevitably be postponed until payment is received. Unlike our staff outsourcing services, we do not enter into any employment contracts with the staff of our clients who use our payroll settlement services and as such, we will not be liable for any default or late payment of the salaries of our clients' employees under the Employment Ordinance.

Upon receipt of the clear funds from our clients, we will then prepare the bank instruction to credit the monthly payroll to their respective employees' accounts, submit the signed MPF remittance statement and arrange payment to the trustees of the MPF schemes for our clients. Subsequently, a monthly payroll summary with variance analysis and an expense report with details of their employees' remuneration will be sent to our clients who request such service. For clients who have subscribed for our ePayroll application, electronic payslip will be ready for access online by their employees via our ePayslip application using our eHRIS software.

We will also prepare and file the employer's return of remuneration and pension, notification by an employer of an employee who commences to be employed, notification by an employer of an employee who is about to cease to be employed and other forms relating to reporting to the IRD (if applicable) in compliance with the Inland Revenue Ordinance on behalf of our clients. For clients who have subscribed for our eTax application, the electronic employer's return of remuneration and pension will also be provided for access online by their employees via our eTax application using our eHRIS software.

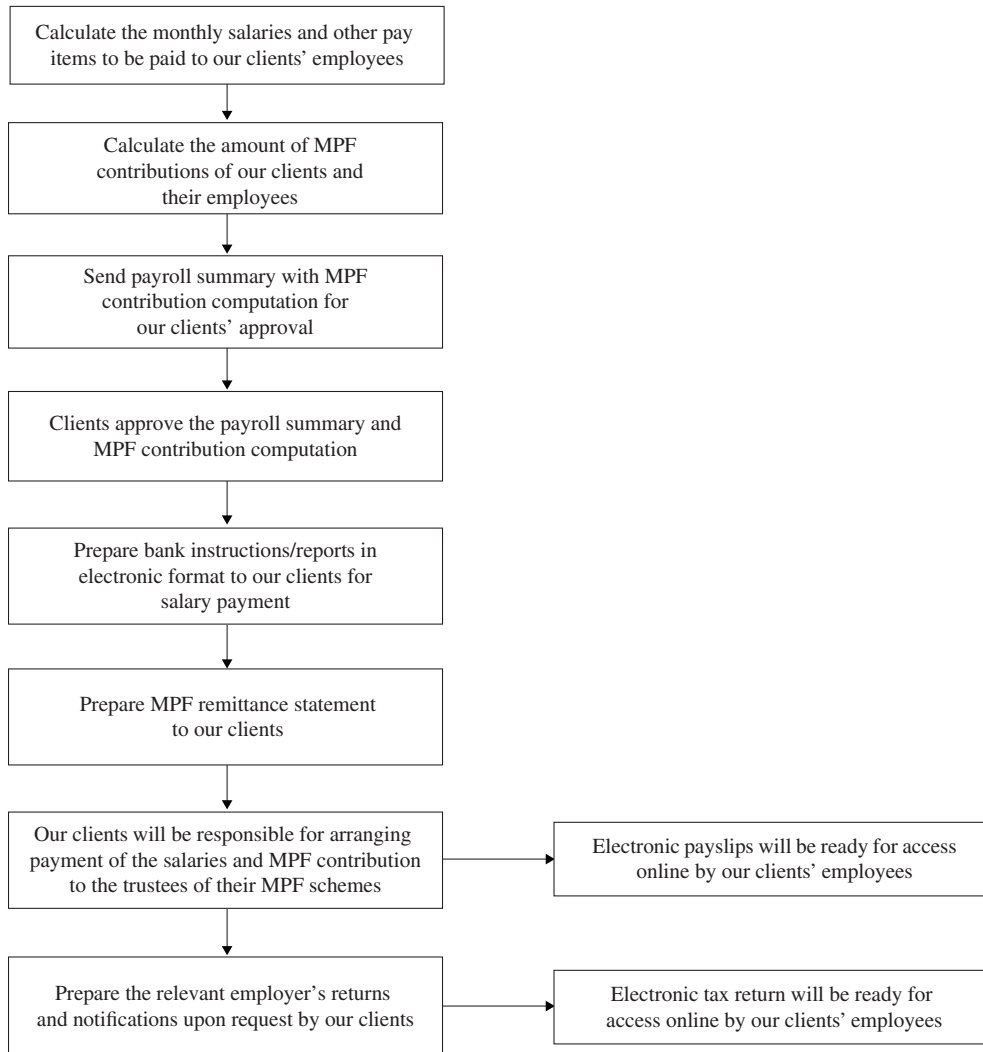
A majority of our payroll settlement service agreements have a term of two years and shall continue after the initial fixed term until terminated by either party by giving to the other party written notice ranging from two to three months. Some of our payroll settlement service agreements stipulate a minimum service period. Should our clients elect to terminate the payroll settlement service agreements within the minimum service period, our client shall pay us all the monthly fees in respect of the remaining months of such minimum service period.

The service fee of our payroll settlement services is usually charged at a fixed fee per clients' employee per month. Some clients subscribe for our payroll settlement service together with our eHRIS software at the same time and in these circumstances, we may charge our clients a bundle fee which may be at a discount to the aggregated fixed fee covering the above two areas of our services. Pursuant to our contractual terms, the payment of our service/bundle fee shall be made to us within a period of 14 to 30 days from the date of the invoice.

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(ii) *Payroll administration/determination services*

The following flow chart is a general overview of the major steps involved in the provision of payroll administration/determination service:



The scope of our payroll administration/determination services is similar to that of the payroll settlement services except our clients will arrange their own salary payment to their employees and the MPF contribution to their trustees. We will calculate the amount of basic salaries, MPF contributions and other pay items to be made to our clients' employees. After detailed checking and verification of the payroll amounts against the supporting documents provided by our clients, a payroll report containing details of their salaries and other pay items will be sent to our clients for approval.

Subject to the approval by our clients, we will prepare and submit the electronic bank file to them and our clients will arrange their own salary payment as well as the MPF contributions to their trustees. A monthly payroll summary with variance analysis and an expense report with details of their employees' remuneration will be sent to some of our clients who request such service. Electronic payslips will be provided for access by our clients' employees online via our ePayslip application using our eHRIS software.

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Upon request by our clients, we will also prepare the employer's returns and notifications and our clients will usually submit the relevant forms to the IRD themselves. As part of our payroll administration/determination service, the electronic form IR 56B will also be provided for access by clients' employees online via our eTax application using our eHRIS software.

Our payroll administration/determination service agreements are either without a term or have a term ranging from half a year to two years, and shall continue after the initial fixed term until terminated by written notice ranging from one month to three months served by either party on the other. The service fee of our payroll administration/determination services is usually charged at a monthly fee based on our client's employee headcount. The provision of our ePayslip and eTax applications are usually inclusive of our payroll administration service fee. Some of our clients acquire our payroll administration/determination service together with our eHRIS software at the same time. Under such circumstances, we may charge our clients a bundle fee which may be at a discount to the total fixed fee covering the above two areas of our services. The payment of our service/bundle fee shall be made to us within a period of 30 days from the date of the invoice.

Human resources advisory and administration services

We provide human resources advisory and administration services to newly established companies or companies that require an improvement of their human resources system. We work closely with our clients to offer practical advices and solutions on human resources-related matters. Our human resources advisory and administration services we provide include, but are not limited to, advising on employment contracts and employee benefits coverage and handling employment visa applications or renewals.

For human resources advisory and administration services, a fixed fee is usually charged on a project basis and depends on the scope of services and amount of workload. The payment of our service fee shall be made to us within a period of 14 days from the date of the invoice as provided by our service agreements.

HUMAN RESOURCES AND STAFF CONTROL

We recognise the importance of keeping our clients' sensitive and business information in strict confidence. We have adopted a policy on our IT system security emphasising on employee's responsibilities regarding information security. It specifies that confidential information shall be stored in systems which are restricted to authorised personnel only, and such policy has been notified to our employees.

All our staff members that have access to any of these confidential information are required to sign a non-disclosure agreement with us to ensure that confidential information in respect of us and our clients will be kept in strict confidence. All in-house staff are also required to acknowledge that they will not disclose any information to any person or our competitors that will cause damage or loss to us or will give an advantage to our competitors.

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Pursuant to the framework staff outsourcing service agreements with some of our clients (including our Top Clients), we must ensure that our outsourcing staff would provide to the relevant client a confidentiality undertaking or an acknowledgement of the relevant clients' privacy policies to ensure that they shall keep confidential and shall not disclose to any person or corporation any information relating to our clients' customers, employee, business, policies, products or transactions which has been disclosed to them during the course of secondment.

The staff outsourcing service is a labour-intensive business and our Directors believe that human resource management is crucial for our success. The quality and performance of our outsourcing staff under our staff outsourcing services play an important role on the quality and performance on our staff outsourcing services provided to the clients. In order to maintain our competitiveness in the staff outsourcing services business, we place strong emphasis on the recruitment of staff for our staff outsourcing services.

Our human resources department is responsible for the recruitment and management of all our employees records. As at the Latest Practicable Date, we had a total of 10 staff members working in human resources department.

With the major objective of recruiting sufficient staff for the staff outsourcing services, we make use of different recruiting channels to broaden the recruitment network, including:

- posting in recruitment websites;
- distributing recruitment handbills;
- referrals made by our existing employees;
- calling and soliciting previous staff;
- participating in recruitment exhibitions and events;
- liaising with community organisations for recruiting activities; and
- attending career talks organised by institutions.

In our Directors' opinion, retaining competent staff and recruiting new staff are equally important. Accordingly, we strive to provide a career path for our in-house staff.

Group events such as monthly birthday parties, annual Christmas parties, annual dinners and trips are regularly organised by us. Gifts as well as monetary awards are given out to our in-house staff in recognition of their contribution to us on a regular basis.

QUALITY CONTROL

In respect of our staff outsourcing service and executive/staff search service, the ability to maintain the quality of our services is crucial to our long term growth. Emphasis is therefore placed on recruiting and retaining skillful, knowledgeable and experienced staff, monitoring service quality and staff training. During the recruitment process of our in-house staff, we look for candidates who have human resources-related experience commensurate with the relevant position. We also pay particular attention to education or training received by the candidates in areas related to human resources, such as labour relations, human resources management and labour law in Hong Kong. Moreover, our in-house staff are required to have a good command of spoken and written English and Chinese. Our Directors believe that the possession of updated knowledge of labour related laws and regulations by our in-house staff are key to our competitiveness. Accordingly, we keep our in-house staff informed of upcoming changes in labour related legislation by arranging them to attend seminars held by the Labour Department and by collecting and providing them with latest guidance materials issued by the Labour Department. On the other hand, we have established a contract management control procedure to ensure the service agreements entered into between us and our clients are properly authorised and determined by our Directors and relevant department heads. In addition, we have issued a code of conduct manual which provides guidance to our in-house staff on, among other things, how to avoid and handle corruption related issues and how to avoid conflicts between their own interest and that of our Group.

In respect of the operation of our eHRIS software, our business development department would discuss with our clients so as to have a thorough understanding of their operational workflow and identify key client needs throughout the selling process. Our business development department will then work closely with the information and technology department to design customised solutions for our clients. A project manager is designated to oversee the implementation of each project.

During the Track Record Period and up to the Latest Practicable Date, our Group had not been subject to any claim for any compensation relating to defective eHRIS software.

INTERNAL CONTROL

Internal control measures to monitor the liquidity position and match the receipt and payment of funds

Our Group has adopted formal procedures to monitor the liquidity positions and internal controls over cash inflows and outflows, such as:

(i) Monthly liquidity position monitoring

The chief financial officer of our Group (“CFO”) is responsible for preparing monthly cash flow forecast report (the “monthly liquidity report”) at each month-end and finalising it on the 10th day of the upcoming month. The monthly liquidity report shows Zebra SOS’s current cash position as well as its estimated cash positions at the month-ends of the coming two months. It also shows the projection of cash inflows and

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outflows for the next two months. The monthly liquidity report will serve as a reference to justify whether short-term borrowing is in need from invoice financing (advances against receivables) facilities from banks. Our executive Director shall review and sign the monthly liquidity report.

(ii) Monthly trade receivables monitoring

On a monthly basis, a trade receivables ageing report will be extracted from the accounting system which categorised unpaid invoices into ages of 0-30 days, 31-40 days, 41-60 days and over 60 days. The CFO and an executive Director shall review and sign the monthly trade receivables ageing report. The credit terms granted to clients other than banks and financial institutions would usually be 30 days as set by our Company.

(iii) Collection procedure

Normally, when an invoice is overdue for 1 to 30 days, our accounts and payroll department will send the first email reminder to the client and the second reminder will be issued when the invoice is overdue for 31 to 60 days. If the invoice is still overdue after repeated email reminders, we will directly make telephone calls to the responsible line managers and remind them to process our invoice. During the Track Record Period, we had not experienced any disputes with our clients on the service fee charged, nor have we experienced any material bad debts and collection problems.

(iv) Processing receipts of payment from our clients

Our accounts and payroll department is responsible for preparing invoices. A unique invoice number is assigned to each invoice and the information of a designated bank account for settlement is also stated on the invoice to facilitate identifying the correct client with correct invoices upon cash receipts.

(v) Independent review on journal entries of cash receipts and payments

Our accounts and payroll department is responsible for preparing journal entries before each period-end. The CFO will print all journals of cash receipts and outgoing payments, review the journals for accuracy and proper classification of accounts before they are posted.

(vi) Monthly bank reconciliations

Our accounts and payroll department is responsible for preparing the bank reconciliations for all bank accounts of our Company at each month-end. The monthly bank reconciliation report shall demonstrate the variance of ending balance between the accounting ledger and the bank statement and contain the explanation on such variance. The CFO and an executive Director shall review and sign the report.

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During the Track Record Period, we had not encountered any material default in settlement or any liquidity problem. As at 30 September 2012, the longest overdue days from clients in the staff outsourcing services, executive/staff search services and other human resources support services were 55, 63 and 26 days respectively. Our Directors confirmed that we have not had any dispute or disagreement with clients on the service fee charged. However, in the event that our clients shall be in default of their payment obligations towards us, we could utilise the available banking facilities and/or terminate the employment of the outsourcing staff seconded to our clients to avoid incurring further losses in order to comply with the obligations under the Employment Ordinance. For the two years ended 31 March 2012 and the six months ended 30 September 2012, the maximum drawn up for salaries payment to the outsourcing staff made by us in advance was approximately HK\$2.5 million, HK\$2.5 million and HK\$2 million respectively. In the majority of the employment contracts entered into between us and our outsourcing staff, it is stipulated that we are entitled to terminate the employment of our outsourcing staff at any time by giving seven days' notice in writing or paying wages in lieu of such notice after completion of the first month of the probation.

The remuneration package of our outsourcing staff comprises their basic salaries, MPF contributions and other employee benefits and Discretionary Payments. During the Track Record Period, the proportion that the aggregate amount of the basic salaries, MPF contributions and other employee benefits paid to our outsourcing staff bears to the aggregate Discretionary Payments paid to our outsourcing staff was approximately 51:49, 60:40 and 59:41 respectively. As it is agreed between our outsourcing staff and us that the Discretionary Payment shall be paid to them at such time or times as may be stipulated in our clients' Discretionary Incentive Schemes, the Discretionary Payments are not subject to the time for payment of salaries of seven days as prescribed under the Employment Ordinance. In September 2012, the aggregate amount of the basic salaries, MPF contributions and other employee benefits paid to our outsourcing staff were approximately HK\$7.4 million while the amount of the Discretionary Payments paid to the outsourcing staff were approximately HK\$5.9 million. Taking into account of our cash position of approximately HK\$9.7 million and the unutilised banking facilities of approximately HK\$3.2 million as at the Latest Practicable Date, our Directors are of the view that we have sufficient cash resources to satisfy the payment of the basic salaries, MPF contributions and other employee benefits to our outsourcing staff even if our clients shall default on their payment obligations to us. As at the Latest Practicable Date, the aggregate amount of banking facilities granted by Client A to us was approximately HK\$4.2 million, comprising a revolving loan up to HK\$4,000,000 and an overdraft facility up to HK\$200,000. The facility agreement of the banking facilities from Client A contains a restrictive covenant that we shall not create any subsequent charges or encumbrances ranking in priority to or *pari passu* with any security held by Client A. Other than that, the banking facilities available to us do not contain any restrictive covenant. Our Directors confirmed that such restrictive covenant is on normal commercial terms and save as aforesaid, there is no material difference between the terms of banking facilities granted by Client A and other banking facilities granted to us. We use the banking facilities of Client A to finance our day to day operations and to flexibly manage our Group's cash flow as required. As at the Latest Practicable Date, the outstanding balance due from us to Client A under the aforesaid banking facilities was approximately HK\$2.0 million. Our Directors confirmed that we do not have any intention to use the proceeds of the Placing for the repayment of the banking facilities provided by Client A.

Our outsourcing staff

One of the business risks associated with the provision of staff outsourcing services are possible claims for negligence or other misconduct by our outsourcing staff, details of which are set out in the paragraph headed “We are vicariously liable for the act or omission of our outsourcing staff” under the section headed “Risk factors” in this prospectus. In order to mitigate the risks arising from the negligence or other misconduct by our outsourcing staff, we have adopted the internal control measures including, among other things, (i) maintaining a professional liability insurance to cover potential claims arising from wrongful acts of our outsourcing staff including but not limited to misstatement, misleading statement or neglect; (ii) conducting reference checks to verify the qualifications and relevant background of our outsourcing staff, in particular credit checks; and (iii) briefing our outsourcing staff in respect of the codes of conduct adopted by our clients (where applicable) and ensuring them to provide an acknowledgement of the relevant client’s internal guidelines. During the Track Record Period, we had not been held vicariously liable for any act or omissions of our outsourcing staff.

Data security

Our Directors believe that data security is essential to our clients and our business. Our Group implements security controls with respect to data handling in terms of system implementation and operation measures. To achieve system security, all communications between our server and our clients is encrypted by SSL through a pair of public key and private key. Any communication encrypted by one key need another key to decrypt while public key will be published with a digital certificate when our clients first connect to the website. Encryption is used to encode data for security purpose. The conversion of data into a secret code ensures that data transmitted over the internet will not be easily opened and read by unintended recipients. Further, the digital certificate is signed by VeriSign, i.e. the digital signature will be sent together with the certificate to verify that the sender is truly the entity identifying itself in the transmission.

To ensure the quality of services and system stability, the “CAPTCHA” is deployed on our eHRIS software to combat automated malicious programs and prevent unwanted internet bots from accessing the website. A CAPTCHA is a challenge-response test used in computing as an attempt to ensure that the response is generated by a human being. It is a security image with distorted letters followed by a text box where the user has to enter the letters to login the website. The login will be processed only if the letters entered by the user matches the letters shown in the security image. Since no computer program can read the distorted text, internet bots cannot navigate websites that are protected by CAPTCHA.

To further enhance our protection on data security, only authorised and designated staff are allowed to access and download the confidential data, including but not limited to, the personal data of outsourcing staff and candidates and clients’ sensitive business information, from the server. We have a designated IT staff responsible for the regular review of log files to spot the potential invalid logon activities or unsuccessful logon attempts of the database. Upon completion or termination of the provision of our eHRIS software, all personal data will be returned to our clients. Data backup is also encrypted for security purpose.

BUSINESS

Mr. Hui, Chun Sing, project manager for IT of our Group, is responsible for overseeing our data security controls, implementing, maintaining and enhancing the standard of information security control and our eHRIS software. Mr. Hui has not less than 5 years of experience in computer programming and project management in our Group. He was awarded the Project Management Professional (“PMP”) credential by the Project Management Institute in 2008. To be eligible for the PMP, candidates with a bachelor degree must have at least three years of project management experience, with 4,500 hours leading and directing projects and 35 hours of project management education. For further information about the relevant experience of Mr. Hui, Chun Sing, please refer to the section headed “Directors, senior management and staff” in this prospectus.

In addition, to further prevent hackers from attacking our server and system, we have installed anti-virus software on our servers and on-going enhancement of our eHRIS software to protect network connectivity and security with our clients by firewalls. Our Directors believe that our data and information security measures are above the industry norm given that our Top Clients are regulated by Hong Kong Monetary Authority (“HKMA”) and our Group is subject to regular internal audit review by our Top Clients. During the Track Record Period, had not experienced any incident relating to hackers attacking our system.

Backup and contingency plan

To prevent any breakdown of server or hardware failure, we have implemented the following measures. Firstly, a spare server has been set up at the data centre in Kwai Chung, Hong Kong to ensure any hardware failure can be recovered within a short period of time. Secondly, an additional backup server has been set up at our office to ensure any failure of the data centre’s facilities or network resources can be switched into operation within a short period of time. Thirdly, a full backup of system data will be performed on a daily basis to ensure continuity of our operation. The backup files will be stored in the spare server at the data centre and copied to the backup server at our office via VPN for offsite backup. Encryption is applied to the transmission of data as well as the backup files. The backup files will be copied to compact discs on a monthly basis and kept in a fire proof filing cabinet for six months. The backup compact discs are restricted to authorised personnel only.

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CLIENTS

We have approximately 40 clients for the year ended 31 March 2012 and most of our revenue was contributed by our clients in the banking, telecommunications and insurance industries. Our revenue was maintained relatively stable at approximately HK\$151.0 million, HK\$165.2 million and HK\$90.1 million for the two years ended 31 March 2012 and the six months ended 30 September 2012 respectively. The table below sets out the analysis of our revenue by industry sectors in which our clients operate during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
Industry sectors of clients	number of clients	HK\$'000	number of clients	HK\$'000	number of clients	HK\$'000	number of clients	HK\$'000
Banking	10	133,023	9	145,390	9	74,464	8	77,194
Telecommunications	1	5,396	1	8,204	1	3,892	1	5,540
Insurance	5	10,956	5	4,253	4	2,476	3	2,893
Others (Note)	14	1,647	25	7,391	18	2,286	36	4,523
	<u>30</u>	<u>151,022</u>	<u>40</u>	<u>165,238</u>	<u>32</u>	<u>83,118</u>	<u>48</u>	<u>90,150</u>

Note: The industry sectors for the “others” category include, but is not limited to, manufacturing, healthcare, education, engineering, luxury goods, FMCG, food and beverage, consumer retail and retail apparel industries.

During the Track Record Period and as at the Latest Practicable Date, our top five major clients are in the banking, telecommunications and insurance sectors. Details of the length of business relationship with our top five clients during the Track Record Period are set out as below:

Client	Industry sector	For the year ended 31 March				For the six months ended 30 September				Length of business relationship with our Group (number of years)
		2011		2012		2011		2012		
		Approximate % of our revenue	Rank	Approximate % of our revenue	Rank	Approximate % of our revenue	Rank	Approximate % of our revenue	Rank	
Client A	Banking	49.7%	(1)	64.5%	(1)	60.1%	(1)	66.9%	(1)	10
Client B	Banking	33.6%	(2)	19.8%	(2)	25.2%	(2)	15.4%	(2)	4
Client C	Telecommunications	3.6%	(4)	5.0%	(3)	4.7%	(3)	6.1%	(3)	5
Client D	Insurance	7.0%	(3)	2.2%	(4)	2.3%	(4)	2.4%	(4)	7
Client E	Banking	N/A	–	1.8%	(5)	2.1%	(5)	N/A	–	4
Client F	Banking	2.2%	(5)	N/A	–	N/A	–	1.2%	(5)	5
	Total revenue attributable to top five clients	<u>96.1%</u>		<u>93.3%</u>		<u>94.4%</u>		<u>92.0%</u>		

BUSINESS

For each of the two years ended 31 March 2012 and the six months ended 30 September 2012, the revenue from our largest client and five largest clients accounted for approximately 49.7% 64.5% and 66.9% and 96.1%, 93.3% and 92.0% of our total revenue respectively. The increase in revenue from Client A during the Track Record Period was attributable to the increase in demand for the secondment of the outsourcing staff from approximately 398 as at 31 March 2011 to approximately 434 and 476 as at 31 March 2012 and as at 30 September 2012 respectively and was partly offset by the decrease in successful executive/staff search cases from 45 for the year ended 31 March 2011 to 30 for the year ended 31 March 2012 and 22 for the six months ended 30 September 2012 respectively. The decrease in revenue from Client B during the Track Record Period was attributable to the decrease in demand for the secondment of the outsourcing staff from approximately 154 as at 31 March 2011 to approximately 76 as at 31 March 2012 and 65 as at 30 September 2012 and the decrease in successful executive/staff search assignments from 18 for the year ended 31 March 2011 to 1 for the year ended 31 March 2012 and nil for the six months ended 30 September 2012.

A summary of currently valid major framework service agreements signed with our clients who contributed over 10% of our total revenue during the Track Record Period and up to the Latest Practicable Date is set out below:

Client	Services provided	Commencement date	Duration of services agreement
Client A	Staff outsourcing service	1 April 2012	21 months
Client A	Executive/staff search service	1 January 2012	16 months
Client B	Staff outsourcing service	1 December 2012	3 years

Client A is the consumer banking subsidiary of a globally diversified financial services group headquartered in the US. We were acquainted with Client A through the business network of Mr. Kung and has provided staff outsourcing services to Client A since 2002. Under the framework staff outsourcing service agreement with Client A, either party may terminate the service agreement by giving to the other party one month's prior written notice. Moreover, Client A has the right to extend the term of the agreement for either one or two successive year(s) following the expiration of the initial term. In the event that the agreement is not extended by the parties and is not otherwise terminated, the agreement shall continue in force and effect on a month-to-month basis unless terminated by Client A on no less than 30 days' written notice or by our Group on no less than five days' written notice.

The framework executive/staff search service agreement with Client A is non-exclusive and on contingency basis. Under the framework executive/staff search service agreement, either party may terminate such agreement by giving to the other party one month's prior written notice.

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Client B is the Hong Kong banking subsidiary of a leading financial services group listed and headquartered in Singapore, with over 200 branches across 15 markets in Asia. We received enquiries from Client B for the provision of staff outsourcing services in 2008 and since then, we have established business relationship with Client B. Under the framework staff outsourcing service agreement with Client B, either party may terminate the framework staff outsourcing service agreement by giving to the other party one month's prior written notice. Client B has the right to extend the term of its framework staff outsourcing service agreement for one successive year following the expiration of the initial term by giving us a written notice not less than 30 day's prior to the expiration thereof.

Our Top Clients may occasionally settle our invoices outside their respective credit periods but they will eventually settle our invoices. Our Directors confirm that we have not experienced any material delays in the settlement of invoice by our Top Clients throughout their respective periods of business relationship with us.

We entered into the framework staff outsourcing service agreements with Client A and Client B and, in each case, on a non-exclusive basis. Salient terms of the currently valid framework staff outsourcing service agreements with Client A and Client B are set out below.

Framework staff outsourcing service agreement with Client A

Scope of engagement: Sourcing and employing outsourcing staff and seconding them to Client A ("Placement Service") and employing outsourcing staff who are referred by Client A and seconding them to Client A ("Payrolling Service").

Term: 21 months commencing from 1 April 2012, unless terminated or extended as provided in the agreement.

Client A has the option to extend the term for one or two successive one-year periods following expiration of the initial term.

After expiration of the initial term, in the event that the agreement is not extended nor terminated, it should continue on a month-to-month basis until terminated as provided in the agreement.

Fees: Payrolling Service:

Join date of outsourcing staff	Service fee per outsourcing staff per month
Before 1 November 2010	A fixed amount
On or after 1 November 2010	A fixed amount

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Placement Service:

Join date of outsourcing staff	Business function of outsourcing staff	Service fee per outsourcing staff per month
Before 1 November 2010	All	A fixed amount
From 1 November 2010 to 31 March 2012	Sales positions Non-sales positions	A fixed percentage of his/her basic salary during the first 18 months and a fixed amount thereafter A fixed percentage of his/her basic salary
From 1 April 2012 onwards	Sales positions Non-sales positions	A fixed percentage of his/her basic salary during the first 18 months and a fixed amount thereafter A fixed percentage of his/her basic salary

Conversion fee: A fixed percentage of the new annual basic salary of the converted staff, subject to a discount rate which increases with the duration of secondment of such staff.

Payment terms: Within 30 days from the issuance of invoice or the performance of service, whichever is later. Client A will not be liable for late payment charges of any kind.

Termination: Client A may terminate the agreement:

- Upon 30 days' prior written notice with or without cause;
- With immediate effect if so requested by HKMA or other government authority; or
- Upon three days' prior written notice if Zebra SOS undergoes a change in ownership, commit a breach of confidentiality or if there is a demonstrable deterioration in the ability of Zebra SOS to perform its obligations relating to confidentiality as provided in the agreement.

Either party may terminate the agreement immediately by giving written notice to the other party upon an event of default which includes, among other things, failure to perform any obligation under the agreement which is incapable of remedy, the commencement of voluntary proceedings seeking liquidation of either party and the commencement of involuntary proceedings by a third party seeking the liquidation of either party, provided that such proceedings shall remain undismissed for 60 days.

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Confidentiality: Zebra SOS shall, among other things, execute a confidentiality undertaking in the form specified in the agreement. Zebra SOS shall also procure each of its outsourcing staff to execute a confidentiality undertaking in the form specified in the agreement.

Governing law: Hong Kong law

Framework staff outsourcing service agreement with Client B

Scope of engagement: Zebra SOS shall second such number of outsourcing staff as may be required by Client B and procure its outsourcing staff to provide sales services to Client B at such place(s) designated by Client B.

Term: Commencing from 1 December 2012 and expiring on 30 November 2015.

Client B shall have the option to extend the term for a further period of 1 year following the expiry of the term.

Fees: For outsourcing staff referred by Client B and employed by Zebra SOS, a fixed fee per outsourcing staff per month.

For outsourcing staff sourced and employed by Zebra SOS, a fixed percentage on the total monthly remuneration of the outsourcing staff plus an additional fixed fee per outsourcing staff per month.

Conversion fee: A fixed percentage of the annual basic salary of the converted staff, subject to a discount rate which increases with the duration of secondment of the outsourcing staff.

Payment terms: Within 30 days upon receipt of an invoice from Zebra SOS.

Termination: Client B may terminate the agreement in whole or in part by giving Zebra SOS at least 30 days' prior written notice, or upon the written request or direction by the HKMA.

Client B may terminate the agreement forthwith upon an event of default. Such events of default include, among other things, the breach of Zebra SOS any of its duties and obligations set forth in the agreement which are not remedied within 15 days and the persistent breaches by Zebra SOS of its duties which, in Client B's opinion, constitute a material breach of the agreement.

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Client B may also terminate the agreement immediately upon notice fixing a termination date to Zebra SOS if, amongst other things, Zebra SOS is unable to pay its debts as they fall due or if a substantial part of its property is subject to any levy, seizure, assignment or sale by any creditor or government agency.

Client B may also terminate the agreement in whole or in part with 90 days' written notice if there is a change of control in Zebra or disposition by Zebra SOS or if Zebra SOS announces that it intends to get out of the outsourcing business.

Confidentiality: Zebra SOS shall, among other things, arrange each outsourcing staff to sign a confidentiality undertaking and an acknowledgment of the code of conduct, information security policy and operation manuals as specified by Client B once a year.

Governing law: Hong Kong law

Based on previous experience of dealing with the banks, our Directors understand that it is the banks' policy to enter into framework staff outsourcing service agreements with similar service providers for terms ranging from one to two years in general which is in line with the market practice as the banks' hiring of the outsourcing staff is subject to the spontaneous market trends and varies with the business strategies of the different banks. Our Directors consider that the reliance between our Top Clients and us is mutual in that by engaging our Group to provide the staff outsourcing services, our Top Clients would achieve cost saving as well as better human resources management through reduction in the number of human resources staff and related staff expenses, streamlining their human resources functions such as recruitment and payroll, lessening their administrative burdens associated with employment management and hence improve their profit margins. Given that all of the banks' outsourcing staff are holders of Hong Kong identity cards and over half of them are responsible for the sales functions of the banks which requires an understanding of the consumer preference and spending pattern of the Hong Kong public and/or personal contact with the banks' clients, our Directors consider that the possibility of the banks outsourcing these services or setting up the functions in other lower staff cost jurisdictions and terminating our Group's staff outsourcing services is relatively low.

According to the Supervisory Policy Manual entitled "Outsourcing" issued by the HKMA in December 2001 (the "Outsourcing Guidelines"), the HKMA has set out its supervisory approach to outsourcing by Hong Kong licensed banks and the major points which the HKMA recommends Hong Kong licensed banks to address when outsourcing their business activities. Thus, a Hong Kong licensed bank should perform appropriate due diligence before selecting a service provider. In assessing a service provider, apart from the cost factor and quality of services, a Hong Kong licensed bank should take into account the service provider's financial soundness, reputation, managerial skills, technical capabilities, operational capability and capacity, compatibility with the Hong Kong licensed bank's corporate culture, familiarity with

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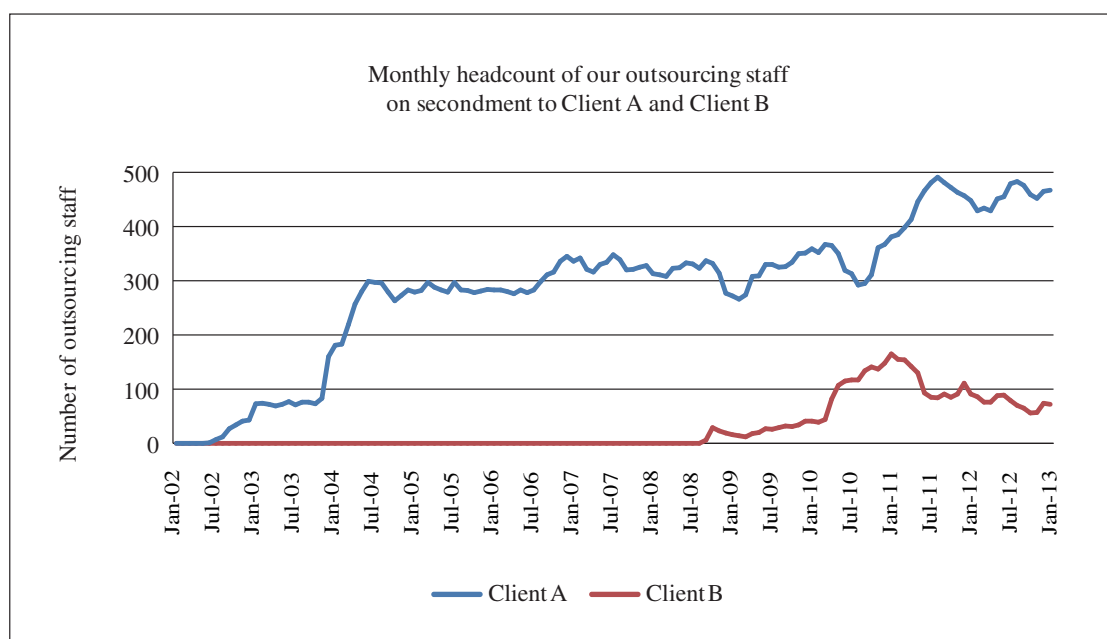
the banking industry and capacity to keep pace with innovation in the market. Furthermore, Hong Kong licensed banks which intend to begin outsourcing in respect of a banking-related area (including back office activities) or to make changes to or amend the scope of their outsourcing of such areas should discuss their plans with the HKMA in advance and satisfy the HKMA that all the major issues set out in the Outsourcing Guidelines are properly addressed before they implement the plans. Given the high due diligence standards that the HKMA expects Hong Kong licensed banks to follow in evaluating the credentials of a service provider before they outsource their functions or activities to such service provider, our Directors believe that there are not many service providers in the HR outsourcing market in Hong Kong which can meet all of the criteria set out in the Outsourcing Guidelines and this poses a significant barrier for both existing and new service providers with limited financial and operational resources or little or no past track record in providing HR outsourcing solutions to banks to enter the HR outsourcing market for the banking sector in Hong Kong. We have found our niche in the HR outsourcing market for the banking sector in Hong Kong through our continuous provision of staff outsourcing services to clients in the local banking industry (including our Top Clients) in the past 10 years. Having regard to the competitive landscape of the HR outsourcing service market in Hong Kong which is dominated by small-scale service providers accounting for approximately 90% of the total number of service providers in 2011 according to the Ipsos Report, the regulatory constraints on Hong Kong licensed banks if they wish to vary the scope of their existing outsourcing arrangements with a service provider, our knowledge and experience in the Hong Kong banking HR outsourcing market accumulated over the last 10 years and our understanding of the corporate culture and business needs of our Top Clients gained through our consistent dealings with them, our Directors are of the view that the likelihood of our Top Clients breaking off their relationship with us is relatively low.

In December 2012, Client A's Parent announced its plans to layoff around 11,000 employees of its worldwide workforce as part of its global business strategy to trim costs and enhance profitability. Of these job cuts, around 6,200 positions would come from the global consumer banking division of Client A's Parent. There were also plans by Client A's Parent to consolidate and close 84 branches in the US and various other countries, including seven branches in Hong Kong. The Client A's Affected Hong Kong Branches represented approximately one-sixth of Client A's total branches in Hong Kong as in January 2013. Since our outsourcing staff are not the employees of Client A, our Directors consider that the layoff plan of Client A's Parent would not have any immediate and direct impact on our Group's staff outsourcing business with Client A. Our Group has experienced a steady growth in demand for its staff outsourcing services from Client A for the nine months ended 31 December 2012 and to the best of the knowledge of our Directors after making reasonable enquiries, Client A had not proceeded with the planned closure of the Client A's Affected Hong Kong Branches as in January 2013. That said, our Directors anticipate the planned closure of the Client A's Affected Hong Kong Branches may lead to Client A readjusting its staffing level in different operational areas and consequently, its demand for our staff outsourcing services, especially for general operations and contact services staff. As at 30 September 2012, we had seconded approximately 158 and 5 outsourcing staff to provide general operational and contact services to Client A. It is currently difficult for our Directors to estimate the extent of the impact on our operating performance and financial results arising from the planned closure of the Client A's

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Affected Hong Kong Branches given that the expected timetable for implementation of such plan, the identity of the Client A's Affected Hong Kong Branches and the number of our outsourcing staff seconded to these branches are not known to us. However, should a sizeable number of our outsourcing staff be no longer required by Client A as a result of the planned closure of the Client A's Affected Hong Kong Branches, our operating performance and financial results may be adversely affected.

The following graph sets out the monthly headcount of our outsourcing staff on secondment to Client A and Client B since the commencement of business with Client A and Client B:



According to publicly available information of Client A's Parent identified by our Directors thus far, our Directors note that Client A's Parent has announced layoff plans on two other occasions since 2008, in addition to the layoff plan announced by Client A's Parent in December 2012. The first occasion was in November 2008 when Client A's Parent announced about 52,000 job cuts globally, representing about 15% of its total workforce. The number of outsourcing staff seconded by our Group to Client A was reduced by about 15% from 314 in November 2008 to 266 in February 2009 but rebounded to a level higher than before the first layoff announcement in June 2009. During the period from November 2008 to February 2009, the number of outsourcing staff who provided services to Client A decreased from 175 to 129 while our outsourcing staff who provided general operational and contact services staff slightly decreased from 111 to 110 and the average service fee per outsourcing staff per month remained relatively stable from November 2008 to February 2009, which only recorded a decrease of approximately 0.4%.

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The second occasion was in December 2011 when Client A's Parent announced about 4,500 job cuts, representing approximately 1.7% of its total workforce. The number of outsourcing staff seconded by us to Client A was reduced by about 6% from 457 in December 2011 to 429 in February 2012 but rebounded to roughly the same level in June 2012. During the period from December 2011 to February 2012, the number of outsourcing staff who provided sales services to Client A decreased from 244 to 222 while our outsourcing staff who provided general operational and contact services staff slightly decreased from 151 to 148 and the average service fee per outsourcing staff per month remained relatively stable from December 2011 to February 2012, which only recorded a decrease of approximately 0.7%.

Although we experienced a drop in demand for the sales services of the outsourcing staff services from Client A shortly following the announcement of the two previous layoff plans by Client A's Parent, our Directors note that the average monthly headcount of outsourcing staff seconded by us to Client A was generally on an upward trend from approximately 318 staff in 2008 to approximately 455 staff in 2012. Based on the foregoing, our Directors are of the view that the impact of the layoff plans of Client A's Parent is generally transient and the impact on the number of outsourcing staff on secondment to provide sales services to Client A and our average service fee per outsourcing per month arising from the recent layoff plan of Client A in December 2012 is not significant to our staff outsourcing business in the medium to long term.

As at 31 March 2011, 31 March 2012 and 30 September 2012, the number of our outsourcing staff on secondment to Client A and Client B were 398, 434 and 476 and 154, 76 and 65 respectively. The average monthly headcount of outsourcing staff on secondment to Client A and Client B for the years ended 31 March 2011, 31 March 2012 and the six months ended 30 September 2012 were approximately 344, 456 and 462 and 131, 97 and 77 respectively. As far as our Directors are aware, the decrease in demand for our staff outsourcing services from Client B during the Track Record Period was mainly due to the engagement by Client B of an additional staff outsourcing service provider arising from its adoption of a more prudent risk management approach to avoid over reliance on any particular external HR service provider.

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The following table sets out the breakdown of the number of our outsourcing staff on secondment to our top five clients by nature of services as at the end of each of the Track Record Period:

The nature of services provided by the outsourcing staff	As at 31 March		As at 30
	2011	2012	September
	Number of staff	Number of staff	Number of staff
Sales service	385	322	357
Contact service	5	5	9
General marketing support services	67	81	70
IT services	5	20	19
General operations support	174	165	183
Business management services	5	4	2
	<u>641</u>	<u>597</u>	<u>640</u>

Pursuant to the framework staff outsourcing service agreement between us and Client A, Client A will be responsible for the severance payment and other statutory compensation under the Employment Ordinance in the event that it decides to terminate the secondment of our outsourcing staff. On the other hand, the framework staff outsourcing service agreement between us and Client B is silent on the responsibility of such severance payment and other statutory compensation. However, we sought clarification of the above matter during a periodic service review conference participated by representatives from both Client B and us in January 2013 and it was mutually understood between Client B and us that Client B would reimburse any severance payment or other statutory compensation incurred by us arising from its termination of secondment of our outsourcing staff. Please refer to the paragraph headed “Staff outsourcing services” in this section for further responsibilities of the duties of our Group and our Top Clients under the framework staff outsourcing service agreements.

Since the outsourcing staff on secondment to Top Clients are on our payroll, we will first settle their basic salaries, MPF contributions and other employee benefits (except Discretionary Payments) and subsequently obtain reimbursement from Top Clients on a monthly basis. Any failure by Top Clients to reimburse us or any disagreement with the amounts we paid to our outsourcing staff after we have settled these expense is likely to have a significant impact on our cash flow. For additional information please refer to the paragraph headed “We rely on our major clients, in particular, Client A. Any change or deterioration in our relationship with our major clients or any change in business strategies of our major clients may cause a significant adverse effect to our business, financial condition and results of operations” in the section headed “Risk factors” in this prospectus.

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Notwithstanding that Client A is our principal banker and the revenue generated from Client A accounted for approximately 49.7%, 64.5% and 66.9% of our revenue during the Track Record Period, our Directors are of the view that our Company is not a captive business model of relying on Client A and such reliance does not render us unsuitable for listing on GEM, given that (i) even if we were to repay all outstanding amounts owing to Client A and other banks, we would still have a positive net cash of approximately HK\$3.0 million and net current assets of approximately HK\$18.4 million as at 31 January 2013 and we would be able to maintain sufficient cash flow for our day-to-day operation; (ii) based on our unaudited management accounts for the ten months ended 31 January 2013, we have available banking facilities and unutilised banking facilities of approximately HK\$10.9 million and HK\$6.2 million respectively as at 31 January 2013; (iii) in view of our historical financial condition, our Directors consider that we would have no practical difficulty in obtaining new credit facilities from other banks; (iv) we have expanded our services through diversification, details of which please refer to the paragraph headed “Subsequent to the Track Record Period” in the section headed “Summary” in this prospectus; and (v) we intend to broaden our client base and industry coverage, details of which please refer to the section headed “Statement of business objectives” in this prospectus.

In order to diversify the business focus to reduce reliance on the banking industry as well as our Top Clients, we set up a new executive/staff search team which comprises four staff with a primary focus on commerce and retail sectors in July 2012. For the six months ended 30 September 2012, we had eight new clients using our executive/staff search services, of which four are in the international fashion and luxury goods industry, one in the FMCG industry, one in the food and beverage industry, one in the customer retail industry and one in the retail apparel industry. For the six months ended 30 September 2012, the revenue from our four clients in the international fashion and luxury goods industry accounted for approximately 2.3%, 0.8%, 0.7% and 0.6% of the revenue generated from our executive/staff search services respectively while the revenue from the other four clients in the FMCG industry, food and beverage industry, consumer retail industry and retail apparel industry accounted for approximately 1.3%, 0.8%, 3.1% and 8.4% of the revenue generated from our executive/staff search services respectively. In addition, we have expanded our client base and enhanced our services and products offering, such as the development of our eTMS application module in 2012 and we also diversified into new geographical markets through the provision of other human resources support services such as the sale of eHRIS software to the PRC market in 2011. For the six months ended 30 September 2012, we had successfully concluded the sales of our eHRIS software on licence model to two new clients in Hong Kong and one new client in the PRC. The two new clients in Hong Kong are primarily engaged in the distribution of plastic raw materials and the trading of paper products respectively and the revenue generated from these two clients accounted for approximately 19.0% and 20.7% of our revenue from other human resources support services for the six months ended 30 September 2012 while the new client in the PRC is primarily engaged in property development and software park development and the revenue generated from this client in the PRC accounted for approximately 19.2% of our revenue from other human resources support services for the six months ended 30 September 2012. All these new clients are Independent Third Parties. The number of our clients increased from approximately 30 for the year ended 31 March 2011 to

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approximately 40 for the year ended 31 March 2012 and while the percentage of revenue from the top five clients decreased from approximately 96.1% to 93.3% and the percentage of gross profit contribution from our staff outsourcing services also decreased from approximately 62.2% for the year ended 31 March 2011 to approximately 50.1% for the year ended 31 March 2012. The number of our clients increased from approximately 32 for the six months ended 30 September 2011 to approximately 48 for the six months ended 30 September 2012. The percentage of revenue from the top five clients decreased from approximately 94.4% to 92.0% and the percentage of gross profit contribution from our staff outsourcing services also decreased from approximately 55.3% for the six months ended 30 September 2011 to approximately 43.1% for the six months ended 30 September 2012. The details on how we intend to broaden our client base and industry coverage and our marketing activities and achievements in future are set out in the section headed “Statement of business objectives” in this prospectus.

Our largest client has been in business with us for approximately 10 years and we have been serving our top five clients for periods ranging from approximately 4 to 10 years. To the best of the knowledge of our Directors, none of our Directors, their respective associates and substantial shareholders of our Company had any interest in any of our five largest clients for the Track Record Period. During the Track Record Period, we had not experienced any dispute with our clients on the service fees charged, nor did we experience any material bad debts and collection problems.

The following table sets out the analysis of our revenue by geographical locations of our clients during the Track Record Period:

	For the year ended 31 March		For the six months ended 30 September					
	2011	2012	2011	2012				
	Approximately	Approximately	Approximately	Approximately				
	percentage	percentage	percentage	percentage				
	of our	of our	of our	of our				
	revenue	revenue	revenue	revenue				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(%)	(%)	(%)	(%)
					(unaudited)			
Hong Kong	151,022	162,863	83,118	89,417	100.0	98.6	100.0	99.2
The PRC	–	2,375	–	733	–	1.4	–	0.8
Total	<u>151,022</u>	<u>165,238</u>	<u>83,118</u>	<u>90,150</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Note: Revenue generated from the PRC market for the year ended 31 March 2012 represented the sales of eHRIS software to four PRC clients.

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For the two years ended 31 March 2012, we had sold our eHRIS software to 4 PRC clients, all of which are electronic manufacturers based in PRC and are Independent Third Parties. The payment term of perpetual licence fee is paid either by instalments at different stages of the installation or in one lump sum upon the confirmation of user acceptance test by our clients. The payments in relation to the sales of eHRIS software to PRC clients during the Track Record Period have been settled in full up to the Latest Practicable Date. As at the Latest Practicable Date, all of the 4 PRC clients are enjoying their respective one year warranty period and we continue our business relationship with each of them through the provision of our technical support service as stipulated in our service agreements. We secure our clients in the PRC through referral by our existing clients and Mr. Chang's personal network established in the local securities industry since 1996. For the six months ended 30 September 2012, our Group had successfully concluded the sales of our eHRIS software on licence model to two new clients in Hong Kong and one new client in the PRC. The two new clients in Hong Kong are primarily engaged in the distribution of plastic raw materials and the trading of paper products respectively while the new client in the PRC is primarily engaged in property development and software park development. All these new clients are Independent Third Parties.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had sold our eHRIS software on licence model to three PRC clients which are engaged in oil equipment manufacturing, manufacturing of electronics components and manufacturing of semi-conductors respectively and two Hong Kong clients who are engaged in the trading of garment and textiles products and the provision of telecommunication consulting and engineering services in Hong Kong. All these new clients are Independent Third Parties.

Save as aforesaid, as at the Latest Practicable Date we do not have any other continuing business relationship with any other client based in the PRC.

SUPPLY

Due to the nature of our business, we have no major suppliers. Our direct costs principally comprise the basic salaries (including the Discretionary Payments), MPF contributions and other employee benefits paid to the staff of our Group (including our outsourcing staff seconded to our clients). Moreover, Zebra SOS has a discretionary bonus scheme with a member of our senior management, Ms. Yeung and other staff in the ESS-Banking Team in order to incentivise them to bring in more executive/staff business for our Group. For the two years ended 31 March 2012, we had paid discretionary bonuses to a company wholly-owned by Ms. Yeung. Since Ms. Yeung is the head of the ESS-Banking and is responsible for the ESS-Banking Team, the amount of discretionary bonus paid to Ms. Yeung's company for the two years ended 31 March 2012 and to Ms. Yeung for the six months ended 30 September 2012 was decided by the board of directors of Zebra SOS in its sole discretion after taking into account, among other things, the total revenue generated from the ESS-Banking Team (save for assignments done by the directors of Zebra SOS and our staff other than the ESS-Banking Team), the actual revenue versus forecasted revenue of the ESS-Banking Team, the number of successful executive/staff search cases sourced and completed by Ms. Yeung during the year

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as compared to the previous corresponding period and the overall contribution of Ms. Yeung to our executive/staff search business. On the other hand the amount of discretion bonus paid to our staff in the ESS-Banking Team is determined by the board of directors of Zebra SOS at its sole discretion after taking into account, among other things, their respective duties and responsibilities, the number of successful executive/staff search assignments sourced and completed by themselves individually during the period and their individual overall contribution to us. For the two years ended 31 March 2012 and the six months ended 30 September 2012, we had paid discretionary bonuses of approximately HK\$1.8 million and approximately HK\$0.4 million respectively to Ms. Yeung's company and approximately HK\$0.5 million to Ms. Yeung. During the Track Record Period, we had paid discretionary bonuses of approximately HK\$1.6 million, HK\$1.3 million and HK\$0.4 million respectively to our staff in the ESS-Banking Team (other than Ms. Yeung).

Under the contract of employment made between Ms. Yeung and us dated 1 August 2009 (as supplemented by two supplemental agreements dated 8 April 2011 and 10 April 2012) ("Ms. Yeung's Contract"), Ms. Yeung is eligible to participate in the discretionary bonus scheme operated by us. The discretionary bonus scheme of Ms. Yeung provides for different tiers of bonus to be paid by us, divided by bands of ESS-Banking Revenue generated from the ESS-Banking Team in each financial year subject to a minimum threshold of HK\$5 million, with the percentage of bonus (expressed as a range for all but the highest Bonus Tiers) increasing as one goes up through the Bonus Tiers. The Bonus Tier and the annual revenue target generated from ESS-Banking Team for each financial year was agreed after arm's length negotiation between us and Ms. Yeung at the beginning of each financial year. The amount of discretionary bonus payable by us to Ms. Yeung had fluctuated significantly during the two years ended 31 March 2012 partly due to the marked drop in the number of successfully completed executive/staff search assignments by the ESS-Banking Team for the year ended 31 March 2012 as compared to the previous year as a result of the shift of focus of Ms. Yeung's role in our Group from soliciting and handling new executive/staff search assignments to management following her unforeseen health problems in 2012 and partly due to the percentage of bonus adopted by us in calculating Ms. Yeung's entitlement to the discretionary bonus for the year ended 31 March 2012 was not directly proportional to the ESS-Banking Revenue generated by the ESS-Banking Team in that year. This is so because Ms. Yeung's Contract has not circumscribed the discretion of us to determine the discretionary bonus and the ESS-Banking Revenue is only one of the factors to be considered by our Group when determining Ms. Yeung's discretionary bonus. Prior to joining our Group, Ms. Yeung was a former employee of Client A and its affiliated company. Despite the change of Ms. Yeung's focus from soliciting and handling executive/staff search assignments to management due to her health problem for the year ended 31 March 2012 and the past employment relationship between Ms. Yeung and our major client, our Directors consider that our Group's business with our major client would not be affected since our Group became acquainted with our major client through the business network of Mr. Kung and our major client has been in business with us since 2002, which is approximately seven years before Ms. Yeung joining our Group in 2009. As advised by our Directors, Ms. Yeung recovered from her illness and resumed her duty to solicit and handle new executive/staff search assignments and supervised the ESS-Banking Team for the six months ended 30 September 2012. Besides, staff in the ESS-Banking will also

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assist Ms. Yeung to carry out the tasks assigned by her from time to time. Therefore, our Directors are of the view that Ms. Yeung is able to discharge her duty going forward. Since Ms. Yeung is the head of the ESS-Banking Team, she has not been and will not be involved in the provision of the staff outsourcing services of our Group.

The discretionary bonus payment for the two years ended 31 March 2012 was made to Ms. Yeung's company of her own accord. Since Ms. Yeung is already on the payroll of our Group, the payment of the discretionary bonus to her does not require additional administrative work to be performed by the accounts department of our Group in contrast to where the discretionary bonus is to be paid to Ms. Yeung's company such as computing and checking the correct amount of discretionary bonus payment to Ms. Yeung's company, making separate entry of the discretionary bonus payment to Ms. Yeung's company in the accounts ledgers, verifying the proper authorisation for the discretionary bonus payment to Ms. Yeung's company and issuing the cheque(s) for the discretionary bonus payment in favour of Ms. Yeung's company or instructing the bank to make the transfer of the discretionary bonus payment to the bank account of Ms. Yeung's company. Given that the discretionary bonuses were paid to Ms. Yeung's company of her own accord and it is Ms. Yeung's company and herself, rather than our Group, who are solely responsible for organising their respective tax affairs in accordance with the revenue laws of Hong Kong, our Directors are of the view that there would not be any material adverse legal, financial and tax impact on our Group arising from the payment of the discretionary bonuses by our Group to Ms. Yeung's company during the two years ended 31 March 2012. The service provided by Ms. Yeung's company to the Group is general consultancy service instead of executive/staff search service.

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The following table illustrates the major differences between the executive/staff search service provided by our Group and the general consultancy services provided by Ms. Yeung's company:

Description of services	Whether there is any contractual relationship with our clients	Whether the candidates are referred directly to our clients	Whether an employment agency licence is required
Zebra SOS <ul style="list-style-type: none"> – Seeking appropriate executives and staff to fulfill client's needs – Sourcing and identifying potential candidates from our database or through advertising – Shortlisting the suitable candidates by conducting interviews and background checks – Referring the suitable candidates to our clients that match their requirements – Advising on the terms of employment and coordinating the execution of the employment contracts between the candidates and our clients 	Yes	Yes	Yes
Ms. Yeung's company <ul style="list-style-type: none"> – Preliminary screening of incoming job applications – Advising us on the suitability of the potential candidates before their applications are further processed by our Group 	No	No	No

Upon receiving our clients' instructions and their employment requirements, we will source potential candidates through online advertisement or from our database whereas Ms. Yeung's company will not directly or indirectly approach or contact the potential candidates because it does not possess the employment agency licence. Rather, Ms. Yeung's company will receive the job applications of the potential candidates from us and it will conduct a preliminary screening of such job applications and sort out those job applications which meet our clients' employment requirement for our further processing. We will undergo further consideration, shortlist the suitable candidates by conducting first interview and negotiate on behalf of the clients with the candidates.

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Our Directors consider that the general consultancy service provided by Ms. Yeung's company is different from the executive/staff search service provided by us in the context of an employment agency the Employment Ordinance in that we do not simply hire the candidates who are referred to it by Ms. Yeung's company and then second these candidates to our clients; rather, we will undergo a further screening of each such candidate and consider his or her merits in conjunction with the preliminary assessment made by Ms. Yeung's company before he or she is referred to the relevant client on a case by case basis and it is our client who will ultimately employ the suitable candidate (for further information regarding what constitutes an employment agency in Hong Kong and the rules and regulations applicable thereto, please refer to the paragraph headed "Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employment Agency Regulations (Chapter 57A of the Laws of Hong Kong)" under the section headed "Regulatory Overview" in this prospectus). Thus, Ms. Yeung's company does not need to obtain an employment agency licence for it to provide the general consultancy service to us. Apart from the absence of an employment agency licence by Ms. Yeung's company, our Directors further consider that a more fundamental difference between us and Ms. Yeung's company lies in our respective scope of services. As advised by our Directors, executive/staff search clients invariably require HR service providers (such as us) to provide a one-stop service from identification and referral of suitable candidates, negotiation and finalisation of the terms of employment with the successful candidates to post-employment monitoring of the successful candidates and they would rarely outsource certain part or parts of the whole executive/staff search process to different HR service providers out of risk management and cost considerations whereas the scope of the general consultancy service provided by Ms. Yeung's company is strictly confined to the initial or preparatory stage of the whole executive/staff search process due to limitations of the operating scale and resources of Ms. Yeung's company. Our Directors consider such general consultancy service provided by Ms. Yeung's company to be beneficial to us in that it helps us to expedite the process of identification of suitable potential candidates and save the related manpower and costs.

Our Directors consider that there should be no practical difficulty for Ms. Yeung or her company to obtain an employment agency licence as the qualifications required to be attained by an applicant for such licence are not particularly stringent under the Employment Agency Regulations (Chapter 57A of the Laws of Hong Kong). In order to protect our interest, Ms. Yeung has undertaken to Zebra SOS that she shall not, either alone or jointly or as manager, agent, representative, consultant, partner or employee for or of any person, directly or indirectly engage or be engaged in Hong Kong or elsewhere in which Zebra SOS operates or has operated its business from time to time, whether directly or indirectly, in any business which is in direct or indirect competition with or similar to the business of Zebra SOS for a period from now to six months after the termination of her employment contract. Ms. Yeung has also undertaken to us that she will give us an annual declaration that she has complied with the non-competition undertaking. Our independent non-executive Directors will review, on an annual basis, whether Ms. Yeung has complied with the non-competition undertaking. We will in our annual report disclose the report by our independent non-executive Directors of their annual review and whether or not she has delivered at the end of the financial year to which that annual report relates an annual declaration pursuant to her undertaking described above, and if she has failed to do so, the steps that are taken to enforce the terms of that undertaking.

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Given that (i) the clients using our executive/staff search services are predominantly banks, telecommunications operator and insurance companies and so far as our Directors are aware, the corporate policies of these clients do not sanction any executive/staff search transactions with persons who do not hold the employment agency licence; (ii) the discretionary bonus payment to Ms. Yeung's company is calculated based on the total revenue generated by the ESS-Banking Team as a whole irrespective of whether the executive/staff search business is sourced and completed by her or other staff in the ESS-Banking Team; (iii) our Group was the sole client of Ms. Yeung's company for the two years ended 31 March 2012; (iv) Ms. Yeung's company does not engage in the executive/staff search business as Ms. Yeung's company does not have any employment agency licence; and (v) Ms. Yeung has provided us with a non-competition undertaking in the terms described above, our Directors consider that Ms. Yeung is not capable of diverting any executive/staff search business to her company nor is it in her interest to do so and there is, therefore, no actual or potential conflict of interests or competition between us and Ms. Yeung's company and the Sponsor concurs with our Directors' view in this regard. As advised by Ms. Yeung, Ms. Yeung's company has never employed any staff and was profit making during the two latest financial years ended 31 March 2012. Our Directors confirm that the general consultancy service was provided by Ms. Yeung's company to us on normal commercial terms.

As agreed between us and Ms. Yeung, the discretionary bonus payment for the year ending 31 March 2013 under the discretionary bonus scheme shall be made to Ms. Yeung instead of Ms. Yeung's company. Such arrangement was determined after arm's length negotiation between our Company and Ms. Yeung and shall continue after Listing. Notwithstanding the aforesaid arrangement, Ms. Yeung is still eligible to participate in the discretionary bonus scheme as long as she remains as our employee.

Our Directors believe that it is in our interest to cease the previous discretionary bonus payment arrangement with Ms. Yeung's company with a view to enhancing our corporate governance in preparation of the Listing. Accordingly, all bonus payments will be made by us to our staff (including directors and senior management) personally instead of any company owned by such staff in the future and such policy shall continue after the Listing. We have also implemented internal control measures to avoid any actual and potential conflict of interest between us and our employees. Under the employment contracts entered into between us and our in-house staff, our in-house staff are not allowed to engage in any business where he/she will receive any monetary gain.

In addition, we lease private telephone lines and purchases facilities, equipment, computer hardware, software and accessories from the suppliers to facilitate the operation of our business. One of our suppliers which we lease the server cabinets from is also one of our top five clients on entity basis during the Track Record Period though we are dealing with different departments of such client. We deal with the outsourcing and managed services department of such company as a vendor and deals with channel fulfillment management department and marketing department of such company as a client. This client/supplier is a telecommunications, media and IT solutions provider headquartered in Hong Kong. We mainly provide staff outsourcing service to this client/supplier. Our Group derived revenue of

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approximately 3.6% (HK\$5.4 million), 5.0% (HK\$8.2 million) and 6.1% (HK\$5.5 million) of our total revenue from this client/supplier for the two years ended 31 March 2012 and for the six months ended 30 September 2012 respectively. Our purchases from this client/supplier represented approximately 1.4% (HK\$104,000), 1.6% (HK\$119,000) and 1.5% (HK\$63,600) of our general and administrative expenses for the two years ended 31 March 2012 and for the six months ended 30 September 2012 respectively.

We usually target to purchase from the suppliers with the most favourable pricing, payment term and services. We also have our internal guideline to follow when selecting vendors, which normally requires us to consider different vendors before making a choice on each transaction. There are also plenty of vendors in the market to choose from and so we actually do not rely on any particular suppliers.

None of our Directors or the substantial shareholders immediately following the completion of the Placing and the Capitalisation Issue or their respective associates had any interest in the company owned by Ms. Yeung or any of our suppliers during the Track Record Period.

SALES AND MARKETING

Sales

The table below sets out the analysis of our revenue by business segment during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Staff outsourcing services	139,557	92.4	150,340	91.0	76,028	91.5	81,136	90.0
Executive/staff search services	10,310	6.8	9,292	5.6	6,305	7.6	6,120	6.8
Other human resources support services	1,155	0.8	5,606	3.4	785	0.9	2,894	3.2
Total revenue	151,022	100.0	165,238	100.0	83,118	100.0	90,150	100.0

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The table below sets out the analysis of our Group's revenue by the industry sectors in which our clients operate during the Track Record Period:

Industry sector	For the year ended		For the	
	31 March		six months ended	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Banking	133,023	145,390	74,464	77,194
Telecommunications	5,396	8,204	3,892	5,540
Insurance	10,956	4,253	2,476	2,893
Others (<i>Note</i>)	1,647	7,391	2,286	4,523
	151,022	165,238	83,118	90,150

Note: The industry sector for the "others" category include, but is not limited to, manufacturing, healthcare, education, engineering, luxury goods, FMCG, food and beverage, consumer retail and retail apparel industries.

Since our Group's revenue is mainly deriving from sales to existing clients, we fully appreciate the maintenance of long term business relationships with our clients. We have been serving all of our top five clients for periods ranging from approximately 4 years to 10 years. In addition to the importance of delivering quality performance for our human resources support services, management staff from our business development department always keep close contact with our clients through emails, telephone calls or meetings. Through different ways of communication, both parties may address, discuss and explore ways to resolve problems, introduce new services or products to each other and thus build up a trusted relationship as time goes by. We believe that the strategy of maintaining a long term trusted working relationship with our clients is one of our success factors.

Marketing

We place significant emphasis on client satisfaction and constantly strives to better understand the needs of our clients. Besides serving our clients in the banking, telecommunications and insurance industries, we plan to broaden our client base to other industries as well. As at the Latest Practicable Date, our Group had a staff working in the business development department who is responsible for direct contact with potential clients to explore business opportunities and seek to maintain on-going relationships with existing clients.

Our Group provides after-sales services for our eHRIS software. Our clients can reach our Group's IT department for technical support and problem solving services through telephone hotlines and emails. Our Group also provides on-site support for problem investigation and solving if required.

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In addition, we participate in local career exhibitions and fairs such as the Employers' Luncheon 2012 organised by the Hong Kong Baptist University of Hong Kong, the 'Say Yes to Work' Youth Employment & Summer Job Recruitment Expo 2012 organised by the Hong Kong Young Woman's Christian Association and the Recruitment Day at Hong Kong East Job Centre on 11 June 2012 organised by the Labour Department. Through participating these career exhibitions and fairs seminars, we could enhance our corporate image, promotes its services, gathers market information and keep abreast of the latest market trends.

Pricing of our services

Our pricing basis and payment terms to all clients is determined based on various factors such as the organisational size, job nature and other specifications of our clients, the allocation of our time and manpower to provide the required services as well as the length of our relationship with our clients. In general, the staff of our relevant departments including our human resources department, executive/staff search department and business development department will negotiate the terms of service with our clients and prepare a draft agreement for our Directors' review and approval. After the approval by our Directors, the relevant departments will pass the service agreements to the relevant clients for their confirmation. Our Directors consider that our service fees charged is in the low-mid range compared to that of the competitors in the human resources industry.

During the Track Record Period, our clients were mainly located in Hong Kong. Most of our services are charged in Hong Kong dollars whilst the rest are charged in US dollars. It is normally settled by cheque and/or bank transfer. We usually charge our clients the service fees in a lump sum whilst some of the sales of eHRIS under the licence model are charged by installments according to the implementation schedule as stated in the relevant service agreements entered into between us and our clients. Save and except for the Discretionary Payments which are usually prepaid by our clients, most of our services rendered to our clients are usually made with credit terms ranging from 14 to 60 days. We adopt a tight credit control policy and assess our clients' credit quality by evaluating their background, financial strength and the length of business relationship with us. To ensure timely settlement of our trade receivables, we have designated staff to follow up with the relevant clients on the outstanding payments. For further details of such collection procedures, please refer to the paragraph headed "Internal control" in this section. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material bad debts, overdue payments or payment default by our clients.

Staff outsourcing services

For staff outsourcing services, our clients are usually charged a fixed monthly fee per outsourcing staff or a specified percentage of the monthly basic salary or Total Monthly Remuneration of the outsourcing staff, on top of their Total Monthly Remuneration. Such rate may be lower if the outsourcing staff was referred to us by our clients rather than being entirely sourced, employed and seconded to our client by us. Save and except for the Discretionary Payments, most of which are required to be paid by our clients in advance, in most cases we shall first settle the employee expenses and invoice our clients for the service fee (including the employee expenses) in lump sum on a monthly basis with a payment term typically of 30 days.

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Executive/staff search services

For executive/staff search services, our clients are usually charged a specified percentage of the successfully placed candidate's annual remuneration package in the first year of his/her employment. We will issue invoices for our service fees in lump sum with payment terms typically ranging from 30 to 60 days after the successfully placed candidate has commenced employment with our clients, as provided by our framework executive/staff search service agreements.

Other human resources support services

Sales of eHRIS software

Our clients using the PAYG model are typically charged at fixed fee on a monthly basis according to the headcount of our clients' company. Our clients usually acquire our payroll outsourcing services together with our eHRIS software at the same time. Under such circumstances, we may charge our clients a bundle fee covering these services. The lump sum payment of our service fee shall be made to us typically within a period of 14 to 30 days as provided by our service agreements from the date of the invoice.

Under the licence model, our eHRIS software applications are licensed to our clients upon the payment of a perpetual licence fee. The perpetual licence fee is usually paid in instalments and the timing of payment differs on a case-by-case basis.

Revenue from sales of eHRIS software represents the amount billed for the transfer of rights to use IT system and related services. This is recognised when the system has been installed and the services have been rendered respectively.

Payroll outsourcing services

The service fee of our payroll outsourcing services is usually charged at a fixed fee per client's employee per month and depending on the scope and complexity of the service. Our clients usually subscribe for our payroll outsourcing service together with our eHRIS software at the same time in such such circumstances, we may charge our clients a bundle fee covering these services. The lump sum payment of our service fee shall be made to us typically within a period of 14 to 30 days as provided by our service agreements from the date of the invoice.

Revenue from payroll outsourcing services represent the amounts billed for the payroll processing services rendered to customers. This is recognised on a monthly basis after the service has been rendered.

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Human resources advisory and administration services

For human resources advisory and administration services, a fixed fee is usually charged on a project basis, which depends on the scale and complexity of the services. The lump sum payment of our service fee shall be made to us within a period of 14 days from the date of the invoice, as provided by our service agreements.

AWARDS AND RECOGNITIONS

Over the past years, we were granted the following major awards, certificates and memberships:

Achievements	Year	Awarding organization⁽¹⁾	Nature of award/honour
The Best Solution in Linux & OSS – Linux Pilot Editors’ Choice	2012/ 2011/ 2010/ 2009	Linux Pilot Ltd. ⁽²⁾	Distinguished as “Winner of Human Resources Management Solution” in Linux and Open-source software by Linux Pilot editors’ choice
Certificate of Appreciation	2010	Labour Department & North District Council – Social Services, Labour and Economic Affairs Committee ⁽³⁾	Participation in North District Recruitment and Training Expo
Certificate of Appreciation	2009	Caritas Community & Higher Education Service ⁽⁴⁾	Participation in the recruitment day organised by Caritas Community & High Education Service
Guangdong Linux Recommended Procurement List (廣東省Linux產品推薦目錄)	2007	Guangdong Linux Application Software Committee (廣東省Linux應用軟件專門委員會) and Guangdong Linux Center (廣東省Linux公共服務技術支持中心) ⁽⁵⁾	Recommended Procurement Product under the Linux Software Promotion Scheme of Guangdong Province (廣東省Linux軟件推進計劃)

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Achievements	Year	Awarding organization⁽¹⁾	Nature of award/honour
Certificate of Membership Corporate Member	2004	Hong Kong Institution of Human Resource Management ⁽⁶⁾	N/A

Note:

1. All the award issuing organisations are Independent Third Parties.
2. Linux Pilot Ltd. is a company engaged in the publication of a magazine, namely Linux Pilot, and the provision of media platform and related training on open source technologies. The award of “The Best Solution in Linux & OSS” aims at encouraging the use of Linux and open-source software in the development of business and customer solutions. The awardees are required to satisfy the selection of criteria of originality, innovativeness, effectiveness and market reception.
3. The Labour Department is a labour administrator in Hong Kong and the Social Services, Labour and Economic Affairs Committee is one of the district committee members of North District of Hong Kong. The Certificate of Appreciation was presented to us in recognition of our support and participation in the North District Recruitment and Training Expo co-organised by the Labour Department and the North District – Social Services, Labour and Economic Affairs Committee.
4. Caritas Community & Higher Education Service is one of the education institutions in Hong Kong. The Certificate of Appreciation was presented to us in recognition of our participation in the recruitment day organised by Caritas Community & Higher Education Service.
5. Guangdong Linux Center (廣東省Linux公共服務技術支持中心) is formed by the Economic and Information Commission of Guangdong Province (廣東省經濟和訊息化委員會) and it aims at promoting the Linux application and providing the relevant technology support. Guangdong Linux Application Software Committee (廣東省Linux應用軟件專門委員會) is formed by Guangdong Software Industry Association (廣東軟件行業協會) and it aims at assisting the Guangdong Provincial Government in promoting the application of the Linux application. The inclusion of Recommended Procurement List is to recognise our eHRIS software meets the specific standard as required by Guangdong Linux Center (廣東省Linux公共服務技術支持中心) and approved by Guangdong Linux Application Software Committee (廣東省Linux應用軟件專門委員會).
6. Hong Kong Institution of Human Resource Management is a professional body representing human resource management professionals in Hong Kong.

LEGAL PROCEEDINGS

Since the commencement of the Track Record Period and up to the Latest Practicable Date, no member of our Group had been engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, which would have a material adverse effect on our business, result of operations or financial condition.

INSURANCE

We maintain an office insurance policy in respect of our operations. Such policy covers losses or damages in respect of fire, theft, burglary, water damage and other accessories related to our business or activities or our office. However, damages caused by viruses or hacking are not protected under the office insurance policy. We currently do not take out any insurance

BUSINESS

policy to cover damages caused by viruses or hacking to our system as our Directors consider that the preventive measures currently in place such as installing anti-virus software on our servers and using firewalls to protect our network connectivity and security cover such risk sufficiently. During the Track Record Period, we had not experienced any incident relating to hackers attacking our computer system. We maintain employee compensation insurance for our employees that includes work injury under the regulatory requirements in Hong Kong and individual medical insurance for some of our employees. We also maintain a professional liability insurance to cover potential claims arising from wrongful acts of our outsourcing staff including but not limited to misstatement, misleading statement or negligence. We consider our insurance policies to be adequate and in line with the industry norms. During the Track Record Period, there has been no material insurance claim by our employees in Hong Kong. We had not made any claim on insurance since the commencement of the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY RIGHTS

Copyright of our eHRIS software

We develop and own the copyright of our eHRIS software. It is not necessary to register a copyright in Hong Kong in order to afford protection under Hong Kong law. There are no formalities required to comply with to afford copyright protection for an original work in Hong Kong. In fact, there is no official registry in Hong Kong for registration of copyright works. In the event of any infringement of the copyright of our eHRIS software in Hong Kong, we may take civil legal action (such as an injunction) against the infringer. We may also report such infringement to the Customs and Excise Department of Hong Kong, which has extensive search and seizure powers in the investigation of alleged copyright infringements, and has the power to confiscate suspected infringing copies whether or not a charge has been laid. Please refer to the paragraph headed “Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)” under the section headed “Regulatory overview” in this prospectus for further details about the remedies available to a copyright owner for copyright infringement in Hong Kong.

We have not applied for registration of the copyright of our eHRIS software with the relevant PRC authorities as such registration will entail the disclosure of the source code of our eHRIS software, which our Directors consider to be a trade secret and we only commenced the sale of our eHRIS software to the PRC in the year ended 31 March 2012. Registration of copyright is not, however, mandatory in the PRC. As at the Latest Practicable Date, we were not aware of any infringement of our eHRIS software in the PRC. Nonetheless, our Directors will monitor the protection of our eHRIS software in the PRC regularly and may apply for registration of the copyright of our eHRIS software in the PRC in future if circumstances so dictate. Despite we have not registered the copyright of our eHRIS software in the PRC, we are still entitled to pursue all remedies available under the Copyright Law of the PRC against any person who infringes such copyright, including injunctive relief, public apology and monetary damages. Please refer to the paragraph headed “Copyright Law” under the section headed “Regulatory overview” in this prospectus for further details about the remedies available to a copyright owner for copyright infringement in the PRC.

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Trademarks

As at the Latest Practicable Date, we had registered three trademarks in Hong Kong. Details in relation to our trademarks are set out in the paragraph headed “Intellectual property rights” in Appendix V to this prospectus.

Domain name

As at the Latest Practicable Date, we had registered three domain names in Hong Kong. Details in relation to the domain names are set out in the paragraph headed “Intellectual property rights” in Appendix V to this prospectus.

LEASED PROPERTY

We currently lease from an Independent Third Party a property located at 5th Floor, Chinachem Century Tower, No. 178 Gloucester Road, Hong Kong under a tenancy agreement with an aggregate gross floor area of approximately 3,500 sq. ft. The property is occupied for our office premises.

For details of the property leased by us under the relevant tenancy agreement, please refer to the Property Valuation Report from the independent qualified professional survey as included in Appendix III to this prospectus.

COMPETITION

Our Directors consider the industry in Hong Kong to be highly fragmented and unstructured, with professional service providers of different sizes and area of expertise where competition is mainly based on quality and scope of services, product and service varieties, market reputation, business network and pricing.

The entry barrier to setting up a human resources service company is considered by our Directors to be low as substantial capital investment is not required. We may face competition from smaller or newly established professional service providers which often compete in terms of pricing. However, our Directors believe that the main barrier of entry will be getting onto the approved list of the renowned financial institutions as it takes time to accumulate experiences and reputation in the HR industry. The competition within the HR industry is intense and we have to compete with international competitors who may have better or longer established reputation, a wider range of services and a longer operating history than us. Nevertheless, our Directors believe that we have a number of competitive advantages which will enable us to compete successfully with competitors and maintain its market niche.

Our Directors believe that we will continue to maintain the following competitive advantages:

- (i) our experience in providing a variety of human resources services;

BUSINESS

- (ii) our long term relationship with our major clients;
- (iii) our experienced and stable management team; and
- (iv) our eHRIS software which will continue to be upgraded and enhanced.

Each of our Directors has confirmed that he and his respective associates had not had any interest in a business which competes or may compete with our business nor do they have any conflicts of interests with us from the commencement of the Track Record Period and up to the Latest Practicable Date.

EXEMPTED CONTINUING CONNECTED TRANSACTION

During the Track Record Period, our Group has entered into the following continuing connected transaction with Astrum.

Background

Zebra SOS entered into a contract (the “IT Services Contract”) with Astrum for the provision of IT outsourcing services to Astrum for a term of two years commencing from 1 February 2007 to 31 January 2009 on an on-going basis until terminated by written notice by either party in accordance with the terms of the IT Services Contract. Services provided by Zebra SOS to Astrum included PC setup and configuration; local network setup and management (including peripherals like printers, internet access and VPN link); local server, file and email, and management; hotline and helpdesk support services; and support services for wireless handheld devices. Pursuant to the IT Services Contract, Astrum agreed to pay Zebra SOS a monthly service fee of HK\$6,000 which was determined after arm’s length negotiation between the parties.

Historical amounts

For each of the two years ended 31 March 2011 and 2012 and the six months ended 30 September 2012, the service fees received by Zebra SOS from Astrum were approximately HK\$72,000, HK\$72,000 and HK\$36,000 respectively.

GEM Listing Rules implication

As at the Latest Practicable Date, Astrum was held as to approximately 81.76% by Mr. Pan, our non-executive Director, therefore it is a connected person of our Company. Accordingly, the transaction contemplated under the IT Services Contract constitutes a continuing connected transaction of our Company.

As the applicable percentage ratios (other than the profits ratio) for the annual caps of the IT Services Contract for each of the three years ending 31 March 2015 are less than 5% and the annual consideration is less than HK\$1,000,000, the transaction contemplated under the IT Services Contract is exempted from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including our independent non-executive Directors) confirmed that the IT Services Contract was entered into in the ordinary and usual course of our business and the terms thereof (including the respective annual caps) are on normal commercial terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Sponsor concurred with our Directors’ view that the transactions contemplated under the IT Service Contract are on normal commercial terms.

STATEMENT OF BUSINESS OBJECTIVES

BUSINESS OBJECTIVES

We have been in the human resources industry in Hong Kong for around 10 years and employed approximately 654 outsourcing staff as at the Latest Practicable Date. We provide a variety of human resources services to corporate clients mainly in the banking, telecommunications and insurance industries. We have commenced the development of the PRC market by providing human resources support services since 2011.

Through the provision of human resources related services, we are able to maintain long term business relationships with our clients and we have been serving most of our top 5 clients for a period of not less than four years. We aspire to become one of the dynamic human resources service providers that adds value to our clients' businesses. Our Group plans to leverage on our experience and improve our competitive strength by (i) the expansion of existing executive/staff search and staff outsourcing services; (ii) the development of the PRC and Singapore markets; (iii) the upgrading of our eHRIS software; and (iv) the development of other human resources support services.

BUSINESS STRATEGIES

Our Directors have developed the following business strategies to achieve our business objectives:

1. Expansion of existing executive/staff search and staff outsourcing services

We intend to maintain and strengthen our competitive position by deepening and expanding our portfolio of services so as to keep pace with the evolving market. In this regard, we plan to increase our investment in the business development of executive/staff search services.

Currently, our executive/staff search services mainly target for vacancies in the banking industry in Hong Kong and our Directors are of the view that relevant knowledge and/or experience in such industry is crucial for the success of executive/staff search in such industry. We will employ additional staff to strengthen our executive/staff search team with a focus on the banking industry. To cope with the market demand in other industries in Hong Kong, we aim at recruiting a number of executive/staff search teams to manage the executive/staff search services in different industries in Hong Kong. In July 2012, we started a new executive/staff search team with primarily focus on commerce and retail sectors after recruitment of new staff. We intend to further build up our commerce and retail executive/staff search team with a focus on the FMCG and luxury brand sectors in Hong Kong given that these sectors have benefited from the influx of tourists from the PRC in recent years. At a later stage, we will aim at developing additional executive/staff search teams for the market of executive/staff search services in the industrial and pharmaceutical sectors. For the six months ended 30 September 2012, we had eight new clients using our executive/staff search services, of which four were in the luxury goods industry, one was in the FMCG industry, one was in the food and beverage industry, one was in the consumer retail industry and one was in the retail apparel industry.

STATEMENT OF BUSINESS OBJECTIVES

We currently have only one office and our Directors expect that we will require additional office space to cope with the expected increase in our executive/staff search teams after Listing. With the setup of new offices and the expansion of executive/staff search teams, our Directors are of the view that we will be able to enhance our competitiveness in the executive/staff search business.

Our Directors believe that those companies using our staff outsourcing services are looking for more flexibility in scheduling workforce and reducing in their staff costs. As such, our Directors consider that the demand for our staff outsourcing services remains positive in the future. Our clients using our staff outsourcing services are mainly engaged in the banking, telecommunications and insurance industries in Hong Kong and our focus will remain in staff outsourcing services in the banking, telecommunications and insurance industries in Hong Kong after Listing. We intend to step up our efforts in identifying the needs of further staff outsourcing from our existing clients and other potential clients in the banking, telecommunications and insurance industries in Hong Kong. We will also explore the needs of staff outsourcing for those foreign companies which have new setup in Hong Kong and other companies which have staff outsourcing demand.

2. Development of PRC and Singapore markets for executive/staff search services

Our Directors believe that the executive/staff search services market in the PRC is poised for strong growth and we intend to focus our efforts on capitalising on these growth opportunities in the PRC through establishing a new operating entity in the Pearl River Delta, Shanghai and/or Beijing to be engaged in the provision of executive/staff search services. As advised by our PRC legal advisers, we may establish a foreign investment enterprise in the PRC to operate human resources intermediary service agencies, according to the Foreign Investment Industrial Guidance Catalogue (2011 Revision) and other applicable PRC laws and regulations. We will also explore the opportunities for any strategic business alliance with PRC executive/staff search services providers so as to facilitate the development of our business connections in the PRC market. As at the Latest Practicable Date, we had not identified any specific targets for formation of business partnership.

In respect of the PRC market, we will focus on the executive/staff search services and human resources support services instead of staff outsourcing services as our Directors are of the view that the risk of providing staff outsourcing services in the PRC is higher than that in Hong Kong owing to different staff cost structures and regulations between Hong Kong and the PRC. We plan to focus on the banking and finance industries in providing our executive/staff search services in the PRC given that our Group has built up our profile in the executive/staff search in the banking industry in Hong Kong in the past 10 years. We will expand the executive/staff search team in other industries in the PRC should the opportunity arise.

STATEMENT OF BUSINESS OBJECTIVES

Other than the PRC market, we will also explore the opportunities for any strategic business alliance with executive/staff search services providers in Singapore so as to facilitate the development of our business connections in the Singapore market. As advised by our Singaporean legal advisers, there is no restriction on foreign investor establishing or entering into the human resources industry in Singapore. As at the Latest Practicable Date, we had not identified any specific targets for the formation of business partnership.

We have conducted preliminary studies in PRC and Singapore markets in relation to the provision of executive/staff search services including the market environment and the regulatory regime. Taking into account that (i) our PRC legal advisers are of the opinion that, subject to compliance with the Interim Provision (as defined in the paragraph headed “Regulations in relation to talent service agency” in the section headed “Regulating overview” in this prospectus) and other applicable PRC laws and regulations, we are eligible to establish a foreign investment enterprise in the PRC engaging in the provision of executive/staff search services; (ii) we have also engaged our Singaporean legal advisers to advise on the requirement of setting up an executive/staff search firm in Singapore and the relevant Singaporean laws and regulations applicable to the newly set up executive/staff search firm and as advised by our Singaporean legal advisers, subject to compliance with the Employment Act of Singapore, the licensing requirements and other applicable Singaporean laws and regulations as disclosed in the section headed “Regulatory overview” in this prospectus, there are generally no other regulatory barrier for a foreign entity such as our Group to enter into the human resources industry in Singapore; (iii) according to the Ipsos Report, there is a huge demand for executive search services as it is difficult to find the right candidates for senior positions in second-tier cities in the PRC and the service providers in Singapore are actively expanding their search from regional to global talents; (iv) we have also received enquiries about the recruitment of executives to be stationed in the PRC and Singapore; and (v) our experiences in providing executive/staff search services in Hong Kong in the past, the Sponsor concurs with the Directors’ view that our expansion plan in the PRC and Singapore is feasible and our Directors are confident in the development of executive/staff search services in the PRC and Singapore markets.

Although we do not have material experience in executive/staff search services in the PRC and Singapore, we consider that the recruitment of experienced consultants in the PRC and Singapore will be supportive of our development of executive/staff search business in the PRC and Singapore. Hence, we will recruit suitable consultants with experience in providing executive/staff search services in the PRC and Singapore to develop our executive/staff search business in the PRC and Singapore. We consider that we can leverage on our experience in executive/staff search in Hong Kong in the development of PRC and Singapore markets given that there are a number of Hong Kong expatriates in PRC and Singapore markets which we may have the understanding on the need of such Hong Kong expatriates. In addition, we have received enquiries for the recruitment of suitable executives to be stationed in the PRC and Singapore. We consider that the development of PRC and Singapore markets for our executive/staff search services is in line with the market trend that more Hong Kong executives work in the PRC and Singapore.

STATEMENT OF BUSINESS OBJECTIVES

3. Upgrading our eHRIS software

We recognise the vital need to keep abreast of the latest technological development and to maintain the competitiveness of our eHRIS software as well as our payroll services which are delivered by using our eHRIS software. We plan to further invest in the development of our eHRIS software by enhancing the current functionalities and adding new applications. The proposed new applications include roster management system and claim management system. The roster management system is to assist the users to create the optimal roster with the aim of better managing the deployment of the staff (such as avoidance of overlap and overtime) by our clients. The claim management system enables employees of our subscribers to file their claims through our eHRIS software which can enhance the efficiency and reduce administrative costs of our clients. In addition, given that the tax system is different between Hong Kong and the PRC, we also plan to develop an eTax software to cater for the needs of our PRC clients. We will recruit additional staff to cope with the upgrading of our eHRIS software as stated above.

Our Directors believe that through the continuous upgrading of our eHRIS software, we will be able to provide better support to our human resources support business in the long run. In addition, we will also aim at further promoting our eHRIS software in the PRC market and we intend to appoint sales and marketing staff in the PRC to promote our human resources support services including our eHRIS software to our PRC clients.

4. Development of other human resources support services

Given Hong Kong's proximity to, and close relationships with, the PRC, a number of foreign enterprises have set up their offices in Hong Kong in anticipation of their development in the PRC market. Being unfamiliar with the Hong Kong market and regulatory requirements, these foreign enterprises wishing to set up offices in Hong Kong may need assistance in the area of human resources supporting services, recruitment services, company secretarial services, and immigration and employment services. We target to capture such potential clients so as to provide a one-stop human resources-related and other supporting services including executive/staff search services, payroll services, company secretarial services and professional referral services.

STATEMENT OF BUSINESS OBJECTIVES

We had received enquiries about the provision of company secretarial services from foreign enterprises which would like to establish offices in Hong Kong in the past. Given the demand from such foreign enterprises, our Directors consider that the provision of company secretarial services by us will enhance our competitiveness. Our Directors believe that some of our clients may find company secretarial work tedious and the outsourcing of such company secretarial work will reduce our clients' workload and administrative costs. As such, we will employ suitable professional staff who possess the relevant professional qualification and experience to provide company secretarial services to our clients. Given that we are engaged in executive/staff search services, our Directors consider that we will be able to recruit suitable personnel for the engagement in the area of company secretarial services when required. If the company secretarial services opportunity arises but we have yet to establish our company secretarial team, our Directors will consider referring clients with company secretarial services needs to third party service providers and we will charge these clients a referral fee for our referral services. Depending on the circumstances, we may assist these clients to negotiate the contract terms but we will not enter into service agreements with the third party service providers. As such, we will not be involved in the provision of company secretarial services to these clients and our Group will not be exposed to any professional liability claims. To the best of the knowledge of our Directors, it is a common market practice for service providers to refer clients to each other in the HR industry. As at the Latest Practicable Date, we had not entered into any agreement with any third party service provider in relation to the mutual referral of clients.

IMPLEMENTATION PLANS

Set forth below are our implementation plans for each of the six-month periods up to 31 March 2015 for the purpose of implementing our business objectives and strategies as described above. It should be noted that our implementation plans are formulated on the bases and assumptions referred to in the paragraphs headed "Bases and assumptions" in this section. These bases and assumptions are subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk factors" in this prospectus.

STATEMENT OF BUSINESS OBJECTIVES

For the six months ending 30 September 2013

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| Expansion of existing executive/staff search and staff outsourcing services | <ul style="list-style-type: none">• Recruit about 2 to 5 staff for providing executive/staff search services for the banking and finance, sectors and the commerce and retail sectors• Identify appropriate office for the expansion of our executive/staff search and human resources support services• Continue to explore business opportunities in our staff outsourcing and executive/staff search businesses in the banking, insurance and telecommunications industries in Hong Kong |
| Development in PRC and Singapore markets for executive/staff search services | <ul style="list-style-type: none">• Scout for the locations and research on procedures for the expansion of our PRC presence for the development of our executive/staff search services• Explore strategic partner alliance opportunities with companies based in the PRC/Singapore• Expansion of PRC presence by setting up a wholly-foreign-owned enterprise or equity joint venture for the development of our executive/staff search services• Identify and negotiate with potential partners in the PRC/Singapore engaging in executive/staff search services for strategic alliance |
| Upgrading of our eHRIS software | <ul style="list-style-type: none">• Continue the development of claim management application for our eHRIS software• Commence the development of roster management application for our eHRIS software• Recruit about 1 to 2 staff for the development of our eHRIS software and continue to carry out the improvement work for our eHRIS software |
| Development of other human resources support services | <ul style="list-style-type: none">• Set up a company secretarial team with approximate 2 to 3 staff• Continue to explore business opportunities in our human resources support services• Evaluate any human resources support services that can be provided to our clients |

STATEMENT OF BUSINESS OBJECTIVES

For the six months ending 31 March 2014

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|--|--|
| Expansion of existing executive/staff search and staff outsourcing services | <ul style="list-style-type: none">• Set up a new team with about 1 to 3 staff for providing executive/staff search services for the industrial sector• Opening a new office for expansion of our executive/staff search and human resources support services• Continue to explore business opportunities in our staff outsourcing and executive/staff search businesses in the banking, insurance and telecommunications industries in Hong Kong |
| Development in PRC and Singapore markets for executive/staff search services | <ul style="list-style-type: none">• Employ about 2 to 4 staff for the development of our executive/staff search services in the PRC market• Conclude terms of strategic cooperation with potential partners in the PRC/Singapore |
| Upgrading of our eHRIS software | <ul style="list-style-type: none">• Complete the development of claim management application for our eHRIS software• Continue the development of roster management application for our eHRIS software• Continue to carry out the improvement work for our eHRIS software |
| Development of other human resources support services | <ul style="list-style-type: none">• Continue to explore business opportunities in our human resources support services• Evaluate any human resources support services that can be provided to our clients |

STATEMENT OF BUSINESS OBJECTIVES

For the six months ending 30 September 2014

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|--|---|
| Expansion of existing executive/staff search and staff outsourcing services | <ul style="list-style-type: none">• Set up a new team with about 1 to 3 staff for providing executive/search services for the pharmaceutical sector• Continue to explore business opportunities in our staff outsourcing and executive/staff search businesses in the banking and telecommunications industries in Hong Kong and evaluate the possibility to expand staff outsourcing business to other industries |
| Development in PRC and Singapore markets for executive/staff search services | <ul style="list-style-type: none">• Further employ about 1 to 3 staff for the further development of our executive/staff search services in the PRC market• Commence the strategic alliance with potential partners in the development of the PRC/Singapore market |
| Upgrading of our eHRIS software | <ul style="list-style-type: none">• Complete the development of the roster management application for our eHRIS software• Continue to carry out the improvement work for our eHRIS software |
| Development of other human resources support services | <ul style="list-style-type: none">• Continue to explore business opportunities in our human resources support services• Evaluate any human resources support services that can be provided to our clients |

STATEMENT OF BUSINESS OBJECTIVES

For the six months ending 31 March 2015

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|--|---|
| Expansion of existing executive/staff search and staff outsourcing services | <ul style="list-style-type: none">• Set up a new team with about 1 to 3 staff for providing executive/search services for industries with growth potential• Continue to explore business opportunities in our staff outsourcing and executive/staff search businesses in the banking, insurance and telecommunications industries in Hong Kong and evaluate the possibility to expand staff outsourcing business in other industries |
| Development in PRC and Singapore markets for executive/staff search services | <ul style="list-style-type: none">• Further employ about 1 to 3 staff for the further development of our executive/staff search services in the PRC market• Evaluate the progress of the strategic alliance with the potential partners in the development of the PRC/Singapore market |
| Upgrading of our eHRIS software | <ul style="list-style-type: none">• Continue to carry out the improvement work for our eHRIS software |
| Development of other human resources support services | <ul style="list-style-type: none">• Continue to explore business opportunities in our human resources support services• Evaluate any human resources support services that can be provided to our clients |

BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the implementation plan up to the year ending 31 March 2015.

- (a) there will be no material changes in the existing political, legal, fiscal or economic conditions in Hong Kong, and any other places in which any member of our Group carries on or will carry on business and provides or will provide human resources-related services;
- (b) there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;

STATEMENT OF BUSINESS OBJECTIVES

- (c) the Placing will be completed in accordance with and as described in this prospectus;
- (d) we are able to maintain our clients;
- (e) we will be able to retain key staff in the management and the main operational departments;
- (f) we will not be materially affected by any risk factors set out in the section headed “Risk factors” in this prospectus; and
- (g) we will be able to continue our operation in substantially the same manner as we had been operated during the Track Record Period and we will also be able to carry out our development plans without disruptions adversely affecting our operations or business objectives in any way.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Our Directors believe that the Listing will enhance our corporate profile and brand image and the net proceeds of the issue of the New Shares under the Placing will strengthen our financial position and will enable us to implement our business plans set out in the paragraph headed “Implementation plans” in this section. Furthermore, a public listing status on the Stock Exchange will offer us access to capital markets for corporate finance exercise to assist in future business development, enhance our corporate profile and strengthen our competitiveness.

The net proceeds of the issue of the New Shares under the Placing, after deducting the related expenses, are estimated to be approximately HK\$21.4 million. Our Directors presently intend to apply such net proceeds as follows:

- approximately 29.0% of the net proceeds, or approximately HK\$6.2 million, for the expansion of existing executive/staff search and staff outsourcing services in Hong Kong;
- approximately 38.4% of the net proceeds, or approximately HK\$8.2 million, for the development in PRC and Singapore markets;
- approximately 14.0% of the net proceeds, or approximately HK\$3.0 million, for the upgrading of our eHRIS software;
- approximately 9.3% of the net proceeds, or approximately HK\$2.0 million, for the development of other human resources support services; and
- the balance of approximately 9.3% of the net proceeds, or approximately HK\$2.0 million, for use as general working capital of our Group.

STATEMENT OF BUSINESS OBJECTIVES

In summary, the implementation of our business objectives and strategies from the Latest Practicable Date up to the year ending 31 March 2015 will be funded by the net proceeds of the Placing as follows:

	For the six months ending				Total
	30 September	31 March	30 September	31 March	
	2013	2014	2014	2015	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Expansion of existing executive/staff search and staff outsourcing services	1.4	2.8	1.0	1.0	6.2
Development of PRC and Singapore markets for executive/staff search services	4.7	2.3	0.4	0.8	8.2
Upgrading of our eHRIS software	1.0	–	1.0	1.0	3.0
Development of other human resources support services	0.8	–	0.8	0.4	2.0
	<u>7.9</u>	<u>5.1</u>	<u>3.2</u>	<u>3.2</u>	<u>19.4</u>

The HK\$4.7 million to be used for the six months ending 30 September 2013 are for the setup of a wholly-foreign-owned enterprise or an equity joint venture in the PRC including the rental deposits, and office setup and initial startup costs. Our Directors consider that the net proceeds of the issue of the New Shares under the Placing will be sufficient to finance our business plans up to the year ending 31 March 2015.

To the extent that the net proceeds of the issue of the New Shares under the Placing are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

OFFERING OF THE SALE SHARES BY THE VENDOR

The Vendor is offering the Sale Shares for sale at the Placing Price under the Placing. The gross proceeds to be received by the Vendor from the sale of the Sale Shares amount to HK\$10.25 million. Our Company will not receive any proceeds of the sale of the Sale Shares by the Vendor under the Placing.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Our Board consists of two executive Directors, one non-executive Director and three independent non-executive Directors. As we have had a stable senior management team since the commencement of the Track Record Period, our Directors consider that our senior management is able to take up most of the work in our Group although none of our Director works for us on a full-time basis, and that our operations would not be affected thereby. For biographical details of our senior management, please refer to the paragraph headed “Senior management” in this section.

The following table sets forth the information in respect of our Directors:

Name	Age	Appointment date	Position	Principal responsibilities
Chang, Tin Duk Victor (張天德)	42	24 February 2012	Chairman and executive Director	Overseeing the business development and in-house operations and devising market strategies and business expansion plans of our Group
Kung, Phong (龔鈺)	41	2 April 2012	Executive Director	Overseeing the business development, in-house operations, overall strategic planning, accounts and human resources activities of our Group
Pan, Chik (潘稷)	44	2 April 2012	Non-executive Director	Advising on business opportunities for investment, development and expansion of our Group

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name	Age	Appointment date	Position	Principal responsibilities
Ng, Kwan Ho Andy (also known as Ng, Kwan Ho Andrew) (吳君豪)	41	2 April 2012	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company
Lam, Raymond Shiu Cheung (林兆昌)	47	2 April 2012	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company
Tam, Tak Kei Raymond (譚德機)	49	26 June 2012	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company

Executive Directors

Mr. Chang, Tin Duk Victor (張天德), aged 42, was appointed as our Director on 24 February 2012 and designated as the chairman of our Board and our executive Director on 2 April 2012. He is also a member of the remuneration committee and the nomination committee of our Company. He is a co-founder of our Group and is a director of Zebra SOS. He is responsible for overseeing the business development and in-house operations and devising market strategies and business expansion plans of our Group. He has approximately 15 years of experience in recruitment process outsourcing, executive/staff search and private investment management. During the period from May 1996 to March 1999, Mr. Chang worked in Lippo Securities Limited and last held the position of assistant manager – investment services department. Since March 1999, Mr. Chang has been a director of Grand International which is engaged in general investment. Between 3 January 2007 and 21 May 2009, Mr. Chang was beneficially interested in Astrum Capital Management Limited (a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contract), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO) and he disposed of his interests in Astrum Capital Management Limited to Mr. Pan in October 2007 and May 2009 respectively for an aggregate consideration of HK\$6,214,200. During the period from July 2007 to August 2012, Mr. Chang was a director and a responsible officer of Astrum

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Capital Management Limited and Murtsa Capital Partners Limited, a corporation licensed to carry out type 9 (asset management) regulated activity under the SFO. To cope with the business expansion of our Group and to concentrate on the business of our Group, Mr. Chang resigned as a director of Astrum Capital Management Limited and Murtsa Capital Partners Limited on 16 August 2012 and ceased to act as a responsible officer of Astrum Capital Management Limited and Murtsa Capital Partners Limited on 2 January 2013. Mr. Chang has been appointed as a compliance consultant of Astrum Capital Management Limited with effect from 1 January 2013.

Mr. Chang graduated with a bachelor of science degree in business administration from Boston University in January 1993. He has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

Under Rule 17.50(2)(1) of the GEM Listing Rules, a director must disclose his directorship in any company which has been dissolved or put into liquidation (otherwise than by a member's voluntary winding up when the company, in the case of a Hong Kong company, was solvent) or bankruptcy or the object of an analogous proceeding during the period when he was one of its directors or within 12 months after his ceasing to act as one of its directors. Mr. Chang has disclosed to our Board that he is one of the seven directors of Grand International and a winding-up petition was filed against Grand International as one of the respondents on 14 November 2011 in which the petitioner, Winbless Inc. ("Winbless") being a company wholly and beneficially owned by Mr. Chang's aunt (a director and a shareholder holding 10% of the issued share capital of Grand International), was seeking a court order to wind up Grand International under section 177(1)(f) of the Companies Ordinance. Grand International is a private company incorporated in Hong Kong, the entire issued share capital of which is owned as to 35% by Central Billion Inc. ("Central Billion"), 15% by Welljoy Inc. ("Welljoy"), 10% by Silver Shadow, 10% by Fancymind Inc. ("Fancymind"), 10% by Topedge Inc. ("Topedge"), 10% by Amazing Inc. ("Amazing") and 10% by Winbless. Central Billion is owned by Silver Shadow, Fancymind, Grandyear Inc. ("Grandyear"), Amazing and Winbless in equal shares. Welljoy is owned by Silver Shadow, Trilogy Inc. ("Trilogy"), Grandyear, Amazing and Winbless in equal shares. Silver Shadow is wholly-owned by Mr. Chang's father whereas Fancymind and Trilogy, Grandyear and Topedge and Amazing are respectively wholly-owned by Mr. Chang's three uncles. In the winding-up petition, the petitioner alleged that, among other things, (i) Mr. Chang's father was in breach of a verbal agreement and understanding among the shareholders of Grand International that Grand International shall be dissolved and the assets be distributed equally amongst Mr. Chang's father, uncles and aunt; (ii) Mr. Chang's father had exploited the assets of Grand International to the detriment of the petitioner by incurring dubious expenses such as club membership expenses and making investment decision that generated "commercially insensitive" returns not to the satisfaction of the petitioner; (iii) Mr. Chang's father had disregarded the view of the petitioner and appointed Mr. Chang as a director of Grand International; and (iv) Mr. Chang's father had failed to consult and/or provide information in respect of Grand International to the petitioner at its request. On the above basis, the petitioner submitted that the affairs of Grand International have been conducted in a manner unfairly prejudicial to the interests of the petitioner and pleaded for the winding-up of Grand International on just and equitable grounds under section 177(1)(f) of the Companies Ordinance. A defence to the winding-up petition was filed on 10 September 2012 in which (i) it was denied that there was any verbal agreement and understanding for the dissolution of Grand International and the distribution of its assets

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equally amongst Mr. Chang's father and uncles and aunt as alleged by the petitioner; (ii) it was denied that Mr. Chang's father had exploited any assets of Grand International or caused Grand International to incur any dubious expenses, in particular, the club membership expenses were incurred by Grand International for the benefit of the tenants who leased the properties owned by Grand International and the allegation that the returns of Grand International were "commercially insensitive" was not justifiable; (iii) Mr. Chang was appointed as an additional director of Grand International so that he could sign documents in respect of the affairs of Grand International because most of the directors of Grand International are residing out of Hong Kong and Mr. Chang is not expected to actively participate in the affairs of Grand International; and (iv) it was denied that Mr. Chang's father had failed to consult and/or provide information in respect of Grand International to the petitioner at its request. The winding-up petition was originally scheduled to be heard on 18 January 2012, which was subsequently adjourned to 11 July 2012, 22 August 2012 and 27 August 2012 respectively. Pursuant to an order made by the court on 27 August 2012, it was ordered that discovery of documents and inspection of documents should take place after the close of pleadings and a case management conference would be fixed thereafter. As at the Latest Practicable Date, no trial date for the winding-up petition had been fixed and the winding-up petition remained outstanding.

Despite the involvement of Mr. Chang in the aforesaid petition, we have sought the advice of an independent firm of legal advisers, namely, Michael Pang & Co., and based on their opinion, our Directors are of the view that the aforesaid petition does not affect his character, experience and integrity to act as our executive Director. Since the allegations are not focused on Mr. Chang and Mr. Chang should not be personally liable by virtue of his directorship in those companies even if the winding-up petitions are successful. In any event, any compensation which the court may award against Mr. Chang in connection with the winding-up of Grand International is his personal affair and will not have any material adverse impact on our Group. The Sponsor concurs with the view of our Directors and considered that Mr. Chang is suitable to act as our Director.

Mr. Kung, Phong (龔鈞), aged 41, was appointed as an executive Director on 2 April 2012. He is a co-founder of our Group and is a director of Zebra SOS. He is responsible for overseeing the business development, in-house operations, overall strategic planning, accounts and human resources activities of our Group. He has approximately 12 years of experience in business development as well as extensive knowledge in sales and marketing. From May 1997 to June 1999, Mr. Kung was employed as a senior researcher in an executive search company in Hong Kong. In 1999, he started his own executive search company which was engaged in the provision of executive search services in the banking and finance industry. To cope with the expansion and to broaden the human resources spectrum, Mr. Kung approached Mr. Chang to join and co-found our Group in 2002. From August 2008 to June 2011, he was an executive director of Lee & Man Chemical Company Limited (formerly known as Lee & Man Holding Limited) (stock code: 0746), which is a company listed on the Main Board and is principally engaged in the manufacture and sale of chloro-alkali chemical products which consist of dichloromethane, chloroform and other ancillary products such as hydrogen peroxide and sodium hydroxide. He left Lee & Man Chemical Company Limited in order to concentrate on his duty in Lee & Man Handbags Holding Limited (stock code: 1488), a company listed on the Main Board. There was no disagreement between Mr. Kung and Lee & Man Chemical Company Limited.

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Mr. Kung joined Lee & Man Handbags Holding Limited, which is principally engaged in the manufacture and sale of men and women's handbags, tote bags, cosmetics bags, children's bags and backpacks, as an executive director in January 2011 and he is responsible for the management and development of the handbag business of such company. Mr. Kung will allocate approximately 30% of his time and resources to our Group's business upon the Listing.

Save as disclosed above, Mr. Kung has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

Non-executive Director

Mr. Pan, Chik (潘稷), aged 44, was appointed as our non-executive Director on 2 April 2012 and is responsible for advising on business opportunities for investment, development and expansion of our Group. Mr. Pan obtained a bachelor of arts degree in accounting, finance and economics from University of Essex in July 1991 and has approximately 18 years of experiences in investment services and asset management. During the period from May 1993 to April 2007, Mr. Pan worked in Lippo Securities Holdings Limited and last held the position of associate director – investment services.

In May 2009, Mr. Pan acquired an indirect 100% shareholding interest in Astrum Capital Management Limited from Mr. Chang and an Independent Third Party. He is currently a director and a responsible officer of Astrum Capital Management Limited. In 2009, Mr. Pan founded Murtsa Capital Partners Limited, where he focuses on providing advisory and management services to offshore funds. Mr. Pan is a director and a responsible officer of Murtsa Capital Partners Limited.

Other than his directorship in our Company, Mr. Pan was an independent non-executive director of Chinese Energy Holdings Limited (formerly known as iMerchants Limited) (stock code: 8009) from March 2008 to November 2009 and Sing Pao Media Enterprises Limited (formerly known as SMI Publishing Group Limited) (stock code: 8010) from September 2009 to August 2011, all of which are companies listed on GEM.

Save as disclosed above, Mr. Pan has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

Independent non-executive Directors

Mr. Ng, Kwan Ho Andy (吳君豪) (also known as Mr. Ng, Kwan-Ho Andrew), aged 41, was appointed as an independent non-executive Director on 2 April 2012 and is responsible for providing independent judgment on the issue of strategy, performance, resources and standard of conduct of our Company. He is also the chairman of the audit committee and a member of both the remuneration committee and the nomination committee of our Company. Mr. Ng obtained a master's degree in business administration in November 1999 from the Hong Kong University of Science and Technology and a bachelor of economics degree in February 1993 from the University of Sydney. Prior to joining our Group, he worked in Price Waterhouse Company Limited from August 1993 to January 1997, first as a staff accountant from August 1993 and thereafter as an audit senior from July 1995 to January 1997. From January 1997 to

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August 1998, Mr. Ng worked for Citibank N.A. and last held the position of senior financial analyst. From August 1998 to September 2001, he worked for Morgan Stanley Dean Witter Asia Limited and last held the position of associate in the finance division. From September 2001 to May 2007, he was employed by Deutsche Bank AG Hong Kong branch and last held the position of vice president, business area controller in the controlling division. From May 2007 to July 2009, he was employed by The Royal Bank of Scotland and last held the position of regional head, finance new product approval process. Mr. Ng has been an associate member of the Australia Society of Certified Practising Accountants since January 1994 and a member of the Institute of Management Accountants since August 1995. Mr. Ng currently does not have any full-time position.

Mr. Ng has not been a director of any publicly listed companies during the 3 years immediately preceding the date of this prospectus.

Mr. Lam, Raymond Shiu Cheung (林兆昌), aged 47, was appointed as an independent non-executive Director on 2 April 2012 and is responsible for providing independent judgment on the issue of strategy, performance, resources and standard of conduct of our Company. He is also the chairman of the remuneration committee and a member of both the audit committee and the nomination committee of our Company. Mr. Lam obtained a bachelor of business degree in banking and finance from the Victoria University of Technology (now known as Victoria University) in July 1991 and a master's degree in applied finance from Macquarie University in September 1994.

Other than his directorship in our Company, Mr. Lam is currently the deputy chief executive officer of China Eco-Farming Limited (stock code: 8166), an independent non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272) and China Assurance Finance Group Limited (stock code: 8090), all of which are companies listed on GEM. He is also an independent non-executive director of The Hong Kong Building and Loan Agency Limited, a company listed on the Main Board (stock code: 0145). From January 2008 to September 2010, he was an independent non-executive director of China Oriental Culture Group Limited, a company listed on the Main Board (stock code: 2371). He was also an independent non-executive director of China Railway Logistics Limited (stock code: 8089) from December 2008 to June 2009 and China Bio-Med Regeneration Technology Limited (stock code: 8158) from June 2008 to June 2009, both of which are companies listed on GEM.

Save as disclosed above, Mr. Lam has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

Mr. Tam Tak Kei, Raymond (譚德機), aged 49, was appointed as an independent non-executive Director on 26 June 2012 and is responsible for providing independent judgment on the issue of strategy, performance, resources and standard of conduct of our Company. He is also the chairman of the nomination committee and a member of both the audit committee and the remuneration committee of our Company. Mr. Tam obtained a bachelor of arts degree in accounting with computing from the University of Kent at Canterbury (now known as the University of Kent) in July 1985 and has over 20 years of professional accounting experience.

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Prior to joining our Group, Mr. Tam had been the financial controller of David Y W Ho & Co. from May 1995 to January 2002, Barlow Lyde & Gilbert from December 2002 to May 2010 and Blank Rome Solicitors from June 2010 to September 2011. Mr. Tam has been a member of the Institute of Chartered Accountants in England and Wales since August 1990 and an associate of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since January 1995. He is currently the finance director of a Hong Kong-based auction company and the company secretary of Branding China Group Limited, a company listed on GEM (stock code: 8219).

Other than his directorship in our Company, Mr. Tam is also an independent non-executive director of Sun Innovation Holdings Limited (stock code: 0547), Tianjin Jinran Public Utilities Company Limited (formerly known as Tianjin Tianlian Public Utilities Company Limited) (stock code: 1265) and Vision Fame International Holding Limited (stock code: 1315), all of which are companies listed on the Main Board.

Save as disclosed above, Mr. Tam has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Ms. Ren, Yi (任怡), aged 42, joined Zebra SOS in December 2012. She is the general manager of our Group and is responsible for assisting in overseeing the management and daily operation of our Group and supervising the payroll team. She obtained a bachelor of arts degree in English language and linguistics from Beijing University of Aeronautics & Astronautics in July 1993. She has approximately 13 years of experience in business development as well as in sales and marketing. From 2000 to 2007, she worked for an international law firm, an executive search company, an international investment management company and an international investment bank. From September 2007 to February 2011, she held the senior management position of a company listed on the Main Board of the Stock Exchange, where she was primarily responsible for its business development and sales and marketing activities. From February 2011 to December 2012, she was first employed as a senior executive assistant to the chief executive officer of a Hong Kong subsidiary of one of the largest integrated energy companies in Canada, where her primary responsibilities included assisting the chief executive officer in establishing a new energy subsidiary and she last held the position of business and commercial coordinator with such Hong Kong subsidiary.

Ms. Ren has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

Ms. Yeung, Ka Fung Queenie (楊家鳳), aged 42, is the head of the ESS-Banking Team of the executive/staff search department. She joined Zebra SOS in August 2009 and is responsible for leading the ESS-Banking Team to partner with our clients in the banking and financial sector in delivering human capital solutions. Ms. Yeung obtained a bachelor of arts degree from the University of Toronto in June 1992 and has approximately 16 years of experience in human resources operations management in the financial services industry. Prior

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to joining our Group, Ms. Yeung was employed by American International Assurance Company Limited as human resources officer in November 1993 and was promoted to senior human resources officer in January 1996 and remained in that position until she left such company in August 1997. From September 1997 to July 1999, Ms. Yeung was employed by Citibank N.A. and last held the position of compensation and benefits officer. From April 2000 to May 2005, she was employed by Citibank (Hong Kong) Limited and last held the position of senior human resources generalist. From June 2005 to July 2005, Ms. Yeung was employed by Societe Generale Hong Kong branch as a vice president of its human resources department. From August 2005 to October 2007, Ms. Yeung re-joined Citibank (Hong Kong) Limited and last held the position of human resources generalist. From May 2008 to July 2008, she was employed by Standard Chartered Bank (HK) Limited and last held the position of senior human resources manager. From August 2008 to January 2009, she was employed by The Hongkong and Shanghai Banking Corporation Limited and last held the position of senior human resources manager in personal financial services.

Ms. Yeung has not been a director of any publicly listed companies during the three years immediately preceding the date of this prospectus.

Ms. Choy, Wing Yee Macy (蔡永懿), aged 40, first joined Zebra SOS in March 2004 and re-joined in August 2010. She is the head of the human resources department and is responsible for supervising the staff outsourcing team and overseeing the in-house operation of our Group. She obtained a bachelor of science degree in travel industry management from The University of Hawaii in December 1995 and has approximately 10 years of experience in human resources management. She was employed by Esprit De Corp (Far East) Limited as human resources officer from September 2000 to February 2004. She was employed as the human resources manager in Zebra SOS from March 2004 to December 2008.

Ms. Choy has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

Mr. Hui, Chun Sing (許振聲), aged 35, joined Zebra SOS in July 2006. He is the project manager for IT of our Group and is responsible for overseeing our Group's data security controls, and implementing, maintaining and enhancing the standard of information security control and our eHRIS software. He obtained a bachelor of science degree in computing from University of North London in March 2002 and obtained an associate degree in business administration from The Open University of Hong Kong in December 2005. He has approximately 11 years of experience in system and software development. He was awarded the project management professional credential by the Project Management Institute in 2008. Prior to joining our Group, he had joined an IT service company in Hong Kong as a programmer from March 2000 to June 2002. From February 2003 to July 2006, he was employed by Hsin Chong Construction Group Limited and last held the position of analyst programmer.

Mr. Hui has not been a director of any publicly listed company during the three years immediately preceding the date of this prospectus.

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COMPANY SECRETARY

Ms. Wong, Susan Chui San (黃翠珊), aged 39, was appointed as the company secretary of our Company on 2 April 2012 and our chief financial officer on 26 June 2012. She is responsible for the overall financial and company secretarial matters of our Group. Ms. Wong obtained a bachelor of economics degree from the University of Sydney in May 1996. She has approximately 17 years of auditing, accounting, taxation and company secretarial experience. From July 1995 to March 2011, Ms. Wong was employed by W. Wong & Co. She commenced her employment with W. Wong & Co. as an audit junior and became one of the certified public accountants practising with such firm from May 2000 to March 2011. Since April 2011, she has been a director of W. Wong CPA Limited. Currently she is also the sole proprietor of C.S. Wong & Co., which she founded in 2001. Ms. Wong has been a certified practising accountant of the Australian Society of Certified Practising Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 1999 and May 2000 respectively. She is also a member of The Society of Chinese Accountants and Auditors, a fellow and a certified tax adviser of the Taxation Institute of Hong Kong.

Ms. Wong has not been a director of any publicly listed companies during the three years immediately preceding the date of this prospectus.

COMPLIANCE OFFICER

Mr. Chang, Tin Duk Victor, an executive Director, is also the compliance officer of our Company.

AUDIT COMMITTEE

Our Company established an audit committee on 19 March 2013 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Group.

The audit committee comprises three independent non-executive Directors, namely Mr. Ng, Kwan Ho Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam, Tak Kei Raymond. Mr. Ng, Kwan Ho Andy is the chairman of the audit committee.

REMUNERATION COMMITTEE

Our Company established a remuneration committee on 19 March 2013 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code and Corporate Governance Report as set in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the remuneration committee are, among other things, to evaluate the performance and to make recommendations on the remuneration package of our Directors and senior management.

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The remuneration committee comprises four Directors, namely Mr. Chang, Tin Duk Victor, Mr. Ng, Kwan Ho Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam, Tak Kei Raymond. Mr. Lam, Raymond Shiu Cheung is the chairman of the remuneration committee.

NOMINATION COMMITTEE

Our Company established a nomination committee on 19 March 2013 in compliance with paragraph A.5.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. Written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code and Corporate Governance Report have been adopted. The primary duties of the nomination committee are, among other things, to make recommendation to our Board on the appointment or re-appointment of our Directors and succession planning for our Directors.

The nomination committee comprises four Directors namely Mr. Chang, Tin Duk Victor, Mr. Ng, Kwan Ho Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam, Tak Kei Raymond. Mr. Tam, Tak Kei Raymond is the chairman of the nomination committee.

DIRECTORS' REMUNERATION

Our Directors receive compensation in the form of salaries, discretionary bonuses and other allowances, and benefits in kind. Our Directors' remuneration is determined with reference to their respective responsibilities, experiences and skills, our performance and market level of salaries paid by comparable companies.

The aggregate amount of emoluments paid by us to our Directors for each of the two years ended 31 March 2012 and the six months ended 30 September 2012 was approximately HK\$492,000, HK\$582,000 and HK\$427,000 respectively. Mr. Kung has not received any remuneration from our Group since 2008 when he joined Lee & Man Chemical Company Limited in the same year. Since then, Mr. Kung has worked for our Group on a part-time basis because he wishes to devote more time to his family business in Lee & Man Handbags Holding Limited. Given that over half of Mr. Kung's time has been allocated to the above company and he had not solicited nor completed any executive/staff search assignments during the Track Record Period, Mr. Kung agreed that he would not be entitled to any remuneration from our Group since 2008 until after the Listing unless he resumes working for our Group on a full-time basis. Our Directors consider that this arrangement is fair and reasonable and on normal commercial terms. Although Mr. Kung has not received any remuneration since 2008, Mr. Kung has received an aggregate sum of HK\$3,350,000 being dividend paid by us since 2008 including a sum of HK\$2,500,000 during the Track Record Period. Given that the principal business activity of Lee & Man Handbags Holdings Limited is the manufacture and sale of men and women's handbags, tote bags, cosmetic bags, children's bags and backpacks, the Sponsor concurred with our Directors' view that Mr. Kung's family business in Lee & Man Handbags Holdings Limited does not pose any actual or potential competitive threat to our Group's business.

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None of our Directors was the five highest paid individuals for each of the two years ended 31 March 2012 and the six months ended 30 September 2012. The aggregate amount of emoluments paid by us to the five highest paid individuals for each of the two years ended 31 March 2012 and the six months ended 30 September 2012 was approximately HK\$4.4 million, HK\$6.0 million and HK\$3.8 million respectively.

During the Track Record Period, we have not paid any emoluments to our Directors or any of the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. Further, there were no arrangements under which our Directors waived or agreed to waive any remuneration during the Track Record Period.

Each of our executive Directors has entered into a service contract with our Company under which he has agreed to act as our executive Director for an initial term of three years commencing on the Listing Date. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Each of our non-executive Director and independent non-executive Directors has entered into an appointment letter with our Company on an initial term of three years commencing on the Listing Date.

Further details of the aforesaid service contracts and appointment letters are set out in the paragraph headed "Particulars of service contracts" in Appendix V to this prospectus.

STAFF

As at the Latest Practicable Date, our Group had employed a total of 684 staff, of whom 654 were seconded to our clients. The increase in the number of outsourcing staff from 611 as at 31 March 2012 to 654 as at the Latest Practicable Date was mainly attributed to the increase in demand for the secondment of our outsourcing staff from Client A. The following tables shows a breakdown of the number of our staff as at the Latest Practicable Date by functions:

Function	As at 31 March		As at the Latest Practicable Date
	2011	2012	
Overall management	1	1	2
Human resources	11	10	10
Executive/staff search	6	5	9
Accounts and payroll	5	6	5
Business development	2	2	1
IT	3	3	3
Outsourcing staff	645	611	654
Total	673	638	684

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As at 31 March 2011 and 2012 and 30 September 2013, we had 645, 611 and 643 outsourcing staff respectively. The slight decrease in the number of our outsourcing staff was attributed to the decrease in demand for the secondment of the outsourcing staff from Client B from 154 as at 31 March 2011 to 76 as at 31 March 2012, which was partly offset by the increase in demand for the secondment of our outsourcing staff from Client A from 398 as at 31 March 2011 to 434 as at 31 March 2012.

Relationships with staff

Our Directors believe that our Group maintains good working relationships with our staff. Our Group has not experienced any significant problems with our staff or disruption to our operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

Retirement benefit schemes

All of our staff in Hong Kong have joined the MPF scheme of our Group. The MPF scheme of our Group is registered with the MPFA under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Our Group has complied with the relevant law, and that relevant contributions have been paid by our Group in accordance with the aforesaid law.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme on 19 March 2013 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Shares. The principal terms of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus.

Staff cost

Our staff costs (including our Directors’ remuneration and payment to our outsourcing staff) for each of the two years ended 31 March 2012 and the six months ended 30 September 2012 were approximately HK\$137.5 million, HK\$149.7 million and HK\$82.6 million respectively.

Applicable labour laws and staff benefits

Our Directors confirm that our Group had complied with the applicable Hong Kong labour laws during the Track Record Period and up to the Latest Practicable Date.

Our Group has also taken out insurance policies to cover our liabilities under the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and under the common law for work injuries of our staff.

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Our Group has the following measures in place to ensure the safety and health of our staff working in our office premises:

- providing illuminated 'EXIT' signs over all exits and clear directions to them;
- keeping all means of escape in a safe condition and free from obstruction;
- making sure that all exit doors can easily be opened from inside the workplace or are unlocked;
- providing suitable and adequate fire safety measures;
- keeping the workplace clean and ensuring that it is adequately lit and ventilated;
- providing adequate lavatory and washing facilities, as well as adequate supply of drinking water; and
- keeping adequate first aid facilities on the premises and appointing designated staff to look after them.

Based on the aforesaid measures and our Directors' confirmation that our Group had not received and that to the best knowledge of our Directors our clients receiving our staff outsourcing services had not received any improvement notice or suspension notice issued by the Commissioner for Labour against activity of workplace which may create an imminent hazard to our staff, our Hong Kong legal advisers are of the view that our Group had complied with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) during the Track Record Period.

COMPLIANCE ADVISER

Our Company has appointed Messis Capital as our compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules. Messis Capital will advise our Company on on-going compliance requirements and other issues under the GEM Listing Rules and other applicable laws and regulations in Hong Kong after the Listing. The material terms of the compliance adviser's agreement entered into between our Company and Messis Capital are summarised as follows:

- (a) Messis Capital's appointment shall be for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, i.e. 31 March 2016, or until the agreement is terminated, whichever is earlier;
- (b) Messis Capital shall provide our Company with guidance and advice as to compliance with the requirements under the GEM Listing Rules and the applicable laws, rules, codes and guidelines;

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- (c) our Company has agreed to indemnify Messis Capital against all actions, claims and proceedings from time to time made against, and all losses and damage suffered and all payments, costs, expenses and legal fees made or incurred by Messis Capital arising out of or in connection with any wilful default, fraud or gross negligence on the part of our Company in its performance of the compliance adviser's agreement, provided that such indemnity has been caused by, or to the extent of, the wilful default, fraud or gross negligence on the part of Messis Capital; and

- (d) our Company shall have the right, without compensation, to terminate the compliance adviser's agreement only if Messis Capital's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable by our Company to Messis Capital as permitted by Rule 6A.26 of the GEM Listing Rules. Messis Capital shall have the right to resign or terminate its appointment as our compliance adviser under the compliance adviser's agreement at any time without compensation being payable to our Company by giving not less than one month's written notice to our Company.

CONTROLLING, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons will individually and/or collectively be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company:

Name of entity	Nature of interest	Number of Shares^(Note 1)	Percentage of interests in our Company immediately following completion of the Capitalisation Issue and the Placing
Mr. Chang	Interest in controlled corporation	235,000,000 ^{(L)(Note 2)}	58.75%
Mr. Kung	Interest in controlled corporation	235,000,000 ^{(L)(Note 2)}	58.75%
Z Strategic	Beneficial owner	235,000,000 ^(L)	58.75%

Notes:

1. The letter “L” denotes the entity’s long position in the Shares.
2. These 235,000,000 Shares are held by Z Strategic, which in turn are wholly and beneficially owned by Mr. Chang and Mr. Kung in equal shares. As such, each of Mr. Chang and Mr. Kung is deemed under the SFO to be interested in these 235,000,000 Shares held by Z Strategic upon Listing.

CONTROLLING, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

OUR SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons will have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

Name of entity	Company concerned	Nature of interest	Number of Shares ^(Note 1)	Percentage of interests in our Company immediately following completion of the Capitalisation Issue and the Placing
Mr. Chang	Our Company	Interest in controlled corporation	235,000,000 ^{(L)(Note 2)}	58.75%
Mr. Kung	Our Company	Interest in controlled corporation	235,000,000 ^{(L)(Note 2)}	58.75%
Mr. Pan	Our Company	Interest in controlled corporation	65,000,000 ^{(L)(Note 3)}	16.25%
Z Strategic	Our Company	Beneficial owner	235,000,000 ^(L)	58.75%
Ascent Way	Our Company	Beneficial owner	65,000,000 ^(L)	16.25%
Tong Shing Ann, Sharon ^(Note 4)	Our Company	Interest of spouse	235,000,000 ^(L)	58.75%
Lee Man Ching ^(Note 5)	Our Company	Interest of spouse	235,000,000 ^(L)	58.75%
Liu Ming Lai ^(Note 6)	Our Company	Interest of spouse	65,000,000 ^(L)	16.25%

Notes:

1. The letter “L” denotes the entity’s long position in the Shares.
2. These 235,000,000 Shares are held by Z Strategic, which in turn is wholly and beneficially owned by Mr. Chang and Mr. Kung in equal shares. As such, each of Mr. Chang and Mr. Kung is deemed under the SFO to be interested in these 235,000,000 Shares held by Z Strategic upon Listing.

CONTROLLING, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

3. These 65,000,000 Shares are held by Ascent Way, which in turn are wholly and beneficially owned by Mr. Pan. As such, Mr. Pan is deemed under the SFO to be interested in these 65,000,000 Shares held by Ascent Way upon Listing.
4. Ms. Tong Shing Ann, Sharon, the spouse of Mr. Chang, is deemed under the SFO to be interested in these 235,000,000 Shares in which Mr. Chang is deemed to be interested upon Listing.
5. Ms. Lee Man Ching, the spouse of Mr. Kung, is deemed under the SFO to be interested in these 235,000,000 Shares in which Mr. Kung is deemed to be interested upon Listing.
6. Ms. Liu Ming Lai, the spouse of Mr. Pan, is deemed under the SFO to be interested in these 65,000,000 Shares in which Mr. Pan is deemed to be interested upon Listing.

OUR SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), save as those disclosed under the paragraph headed “Our substantial shareholders” in this section, there is no other person who, immediately prior to the date of this prospectus and immediately prior to the Listing Date, is entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect there to be any significant transactions between our Group and our Controlling Shareholders upon the Listing. Our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates after the Listing, having taken into consideration the following factors:

Management independence

Board

Our Board consists of six Directors, among which two are executive Directors, one is non-executive Director, and three are independent non-executive Directors. Mr. Chang and Mr. Kung, together with Z Strategic, are our Controlling Shareholders.

All our independent non-executive Directors are sufficiently experienced and capable of monitoring our operation independently of our Controlling Shareholders. Therefore, our Directors are of the view that the interests of our Shareholders can be safeguarded. For details of our independent non-executive Directors, please refer to section headed “Directors, senior management and staff” in this prospectus.

CONTROLLING, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and not to allow any conflict between the interests of our Company and his personal interests. In the event that a potential conflict of interests arises out of any transaction to be entered into between us and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Committees

We have established an audit committee, a remuneration committee and a nomination committee. Each committee consists of a majority of independent non-executive Directors to monitor our operation.

The audit committee is responsible for reviewing and supervising our financial reporting process and internal control system whereas the remuneration committee's role is to ensure that our Directors are properly remunerated without being influenced by our Controlling Shareholders. The nomination committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

Senior management

We are also managed by our senior management who are independent of our Controlling Shareholders. For details of our senior management, please refer to the section headed "Directors, senior management and staff" in this prospectus.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently under the direction of our Board, and our Directors are of the view that we are capable of managing our business independently of our Controlling Shareholders after the Listing.

Our independent non-executive Directors are also independent of our Controlling Shareholders. Our Directors are satisfied that our independent non-executive Directors are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing our business independently of our Controlling Shareholders after the Listing.

CONTROLLING, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

Operational independence

Our operation are independent of and not connected with our Controlling Shareholders. We have established our own set of organisational structure made up of individual departments, each with specific areas of responsibilities. During the Track Record Period and up to the Latest Practicable Date, we had independent access to our clients. Our Company has also established a set of internal control to facilitate the effective operation of our business.

Financial independence

During the Track Record Period and up to the Latest Practicable Date, we had our independent accounting system and carried out our accounting function through our accounts and payroll department. Save as disclosed below, our Directors believe that we are able to obtain financing independently of our Controlling Shareholders. As of 31 March 2011 and 2012 and 30 September 2012, the amounts due from our Controlling Shareholders amounted to approximately HK\$1.2 million, HK\$3.0 million and HK\$4.1 million respectively, and the amount due to our Controlling Shareholders amounted to nil, nil and nil respectively. These amounts were non-trading in nature, unsecured, interest-free and without fixed term of repayment. The Directors have confirmed that, save for 25% of the total amount of the expenses relating to the Placing, which will be borne by the Directors and will be settled through the deduction by the Company of the gross proceeds receivable by it (on behalf of the Vendor) from the Underwriters in respect of the sale of certain Shares by the Vendor under the Placing to the same extent, the amounts due from Directors would be settled prior to the Placing.

During the Track Record Period and up to the Latest Practicable Date, Mr. Chang and Mr. Kung, our Controlling Shareholders and executive Directors, had provided joint and several personal guarantees for the banking facilities utilised by us, while Mr. Kung had provided a personal guarantee for our liabilities under a finance lease by us of a motor vehicle used. As at 30 September 2012, we had total borrowings of approximately HK\$7.0 million, which were guaranteed by Mr. Chang and Mr. Kung. We have has received in-principle approvals from each of the relevant lending institutions that the personal guarantees provided by Mr. Chang and Mr. Kung be released and replaced by our Group's corporate guarantee provided by our Company subject to and upon, among other things, the Listing and the consent from the Trade and Industry Department of Hong Kong.

In view of the above, our Directors consider that we are independent of our Controlling Shareholders in all material aspects including management, operation and finance.

UNDERTAKINGS

Our Controlling Shareholders have jointly and severally given certain undertakings in respect of the Shares (including those as set out in Rules 13.16A(1) and 13.19 of the GEM Listing Rules) to our Company, the Joint Bookrunners and the Underwriters, details of which are set out in the paragraph headed "Undertakings" in the section headed "Underwriting" in this prospectus.

CONTROLLING, SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

NON-COMPETITION UNDERTAKING

In order to maintain a clear delineation of the businesses between us and our Controlling Shareholders, our Controlling Shareholders (together the “Covenantors”) have entered into the Deed of Non-competition in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time).

Under the Deed of Non-competition:

- (a) each of the Covenantors irrevocably undertakes that it/he shall not, and shall procure that none of their respective associates (other than members of our Group) shall, during the period (the “Restricted Period”) in which (i) the Shares remain listed on the Stock Exchange; and (ii) the Covenantors and their associates (other than members of our 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 our Company; or (iii) the Covenantors or the relevant associates remain as a director of any member of our Group, directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business of provision of staff outsourcing service, executive/staff search and human resources support services and any other new business which our Group may undertake from time to time after the Listing (the “Restricted Business”);
- (b) each of the Covenantors further undertakes to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the “New Opportunity”) identified by or offered to the Covenantors and/or any of their associates (other than members of our Group) (the “Offeror”) is first referred to our Group (the “First Right of Refusal”) in the following manner:
 - (i) the Covenantors are required to, and shall procure their associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to our Group, and shall give written notice to our Company of any New Opportunity containing all information reasonably necessary for our Group to consider whether (A) the New Opportunity would constitute competition with the business of our Group and/or any other new business which our Group may undertake at the relevant time, and (B) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the “Offer Notice”); and

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- (ii) the Offeror will be entitled to pursue the New Opportunity only if (A) the Offeror has received a written notice from our Company declining the New Opportunity and confirming that the New Opportunity would not constitute competition with the business of our Group, or (B) the Offeror has not received the notice from our Company within 10 business days from our Company's receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to our Group in the manner as set out above; and

- (c) each of the Covenantors further undertakes and agrees:
 - (i) not at any time to induce or attempt to induce any director, manager or employee of our Group to terminate his or her service contract or contract of employment with our Group, whether or not such act of that person would constitute a breach of that person's service contract or contract of employment;

 - (ii) not at any time to solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business cease to deal with our Group or reduce the amount of business which the person would normally do with our Group;

 - (iii) to provide all relevant information for the annual review by our independent non-executive Directors for the compliance with and the enforcement of the Deed of Non-competition;

 - (iv) to allow, subject to confidentiality restrictions imposed by any third party, the representatives of our Company and of the auditors of our Company to have access to its/his financial and/or corporate records as may be necessary for our independent non-executive Directors to determine whether the Covenantors and their associates have complied with the terms of the Deed of Non-competition;

 - (v) to make an annual declaration in our Company's annual report on the compliance with the terms of the Deed of Non-competition in accordance with the principle of voluntary disclosure in the corporate governance report within two months after the date upon which the financial period of our Company ends, or if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in our Company's annual report for the relevant financial year; and

 - (vi) the Covenantors, for themselves and on behalf of their associates (except any members of our Group), acknowledge that our Company may be required by the relevant laws, regulations, rules of the stock exchange(s) on which the Shares may be listed and the regulatory bodies to disclose, from time to time,

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information on the New Opportunity, including but not limited to disclosure in public announcements or our Company's annual report or decision made by our Company to pursue or decline the New Opportunity and agree to the disclosure to the extent necessary to comply with any such requirement.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective associates may not compete with us as provided in the Deed of Non-competition. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflict of interests. In order to further avoid potential conflict of interests, we have implemented the following measures:

- (i) our independent non-executive Directors will conduct annual review on the compliance with the Deed of Non-competition by our Controlling Shareholders and the enforcement thereof by our Company (e.g. exercise by our Company of the First Right of Refusal granted by our Controlling Shareholders on their existing or future competing businesses);
- (ii) our Controlling Shareholders have undertaken and agreed to provide all information necessary for the annual review by our independent non-executive Directors on the compliance with and enforcement of the Deed of Non-competition;
- (iii) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition either through our Company's annual report or by way of announcements to the public; and
- (iv) our Controlling Shareholders have undertaken and agreed to make an annual declaration on the compliance with and enforcement of the Deed of Non-competition in our Company's annual report.

SHARE CAPITAL

The table below sets out the authorised and issued share capital of our Company as at the Latest Practicable Date and immediately after the Listing:

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>50,000,000</u>
 <i>Issued and to be issued, fully paid or credited as fully paid:</i>		
31,250,100	Shares in issue as at the date of this prospectus	312,501
293,749,900	Shares to be issued pursuant to the Capitalisation Issue	2,937,499
<u>75,000,000</u>	Shares to be issued pursuant to the Placing	<u>750,000</u>
<u>400,000,000</u>	Shares	<u>4,000,000</u>

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Placing become unconditional and the issue of the Shares pursuant thereto are made as described herein. It takes no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the general mandates for allotment and issue or repurchase of the Shares granted to our Directors as referred to in this section.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company shall maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Placing Shares will rank *pari passu* with all the Shares now in issue or to be allotted and issued and will qualify for all dividends and other distributions declared, made or paid after the date of this prospectus save for the participation in the Capitalisation Issue.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus. As at the Latest Practicable Date, no option had been granted under the Share Option Scheme.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Placing becoming unconditional, our Directors have been granted a general unconditional mandate to allot and issue and deal in the unissued Shares with an aggregate nominal value of not more than:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Placing; and
- (ii) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described in this section.

Our Directors may, in addition to the Shares which they are authorised to issue under this mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements or options to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

For further details of this general mandate, please see the paragraph headed “Resolutions of our Shareholders” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Placing becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Placing.

This mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “Repurchase of our own securities” in Appendix V to this prospectus.

SHARE CAPITAL

For further details of this general mandate, please refer to the paragraphs headed “Resolutions of our Shareholders” and “Repurchase of our own securities” in Appendix V to this prospectus.

The general mandates to issue and repurchase Shares will expire:

- (i) at the conclusion of the next annual general meeting of our Company;
- (ii) at the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited combined financial statements, including the accompanying notes, as set out in the accountants' report included in Appendix I to this prospectus. Our financial statements have been prepared in accordance with HKFRS. Information included in this section that has not been extracted or derived from the accountants' report has been extracted or derived from the unaudited management accounts or other records of our Company. You should read the entire accountants' report and not merely rely on the information contained in this section.

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in the light of our experience and perception of historical trends, current conditions and expected future developments, as well as any other factors we believe to be appropriate under the circumstances. However, our future results could differ materially from those described in this section as a result of various factors, including those set forth in the section headed "Risk factors" in this prospectus.

OVERVIEW

We are a Hong Kong-based human resources services provider and are principally engaged in the provision of staff outsourcing services. We are also engaged in the provision of executive/staff search services and other human resources support services. Our current major clients are corporations operating in the banking, telecommunications and insurance industries in Hong Kong. Our Group has commenced developing the PRC market by selling our eHRIS software since 2011. We aim to position ourselves as one of the dynamic human resources service providers in Hong Kong.

Our Group has been in the human resources outsourcing services market in Hong Kong for around 10 years. Our Group had approximately 40 customers during the year ended 31 March 2012 and most of our revenue was contributed by our clients in the banking, telecommunications and insurance sectors. The table below sets out the analysis of our Group's revenue by industry sectors in which our clients operate during the Track Record Period:

	For the year ended		For the	
	31 March		six months ended	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Industry sectors of clients				
Banking	133,023	145,390	74,464	77,194
Telecommunications	5,396	8,204	3,892	5,540
Insurance	10,956	4,253	2,476	2,893
Others (<i>Note</i>)	1,647	7,391	2,286	4,523
	<u>151,022</u>	<u>165,238</u>	<u>83,118</u>	<u>90,150</u>

Note: The industry sector for the "others" category include, but is not limited to, manufacturing, healthcare, education, engineering, luxury goods, FMCG, food and beverage, consumer retail and retail apparel industries.

FINANCIAL INFORMATION

The major sources of our income are generated from our clients in the banking sector including major international and local banks. For each of the Track Record Period, our Group generated revenue of approximately 88.0%, 88.0% and 85.7% respectively from the clients in banking service sector.

Our client in the telecommunications sector is mainly engaged in telecommunications, media and IT solutions. For each of the Track Record Period, our Group generated revenue of approximately 3.6%, 5.0% and 6.1% respectively from our client in the telecommunications sector.

Our clients in the insurance sector are mainly insurance companies and the insurance associates of banking groups. For each of the Track Record Period, our Group generated revenue of approximately 7.3%, 2.5% and 3.2% respectively from clients in the insurance sector.

Our clients in other sectors are mainly engaged in retail, manufacturing, health care, education and engineering. For each of the Track Record Period, our Group generated revenue of approximately 1.1%, 4.5% and 5.0% respectively from clients in these other sectors.

Our Group recorded revenue of approximately HK\$151.0 million, HK\$165.2 million and HK\$90.1 million respectively for each of the Track Record Period. Net profit attributable to our Group for each of the Track Record Period was approximately HK\$7.3 million, HK\$9.7 million and HK\$2.8 million respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Ability of our Group to maintain major clients

Our Group derives a significant portion of our revenue from the provision of services to a number of key clients in mainly banking, telecommunications and insurance sectors in Hong Kong. For each of the Track Record Period, our Group's revenue from the provision of human resources related services to its top five clients accounted for approximately 96.0%, 93.3% and 92.0% respectively of our Group's total revenue.

As demand for the services of our Group depends on the level of activities in the banking, telecommunications and insurance sectors and the intensity of market competition in Hong Kong, there is no assurance that the demand for our Group's human resources related services from the banking, telecommunications and insurance sectors may be maintained or continue to grow in the years ahead.

FINANCIAL INFORMATION

Ability to keep up with changes in technology

The services we provide may rely on our eHRIS software which is subject to rapid changes in information and communication technology. There can be no assurance that our Group can offer, or develop the expertise, experience and resources to offer services to its clients on a timely and competitive basis with the benefit and in the context of the latest information and communication technology. Our Group may incur significant costs in developing the operational systems and building up such resources and expertise in order to make use of the latest information and communication technology in the provision of services to and for its clients.

To meet the increasing and evolving demand on services from our clients, our Group's research and development team continues to further enhance our eHRIS software and develop related applications to provide value added capabilities to better support our human resource related business.

Ability of our Group to stay competitive in the market

Our Group has undergone expansion since the commencement of business in 2002. The sustainability of our Group's revenue and net profit will depend upon the ability of our Group to maintain its competitiveness in the human resource service market and to provide high quality human resource related services.

Ability of our Group to expand into other industry sectors

Our Group is actively seeking business opportunities with new clients in the banking, insurance and financial industry sector as well as other industry sectors, while maintaining and consolidating its business and working relationships with existing clients.

As part of our strategic development, our Group is contemplating expansion of its business into other industry sectors. However, such expansion into other industry sectors may involve substantial time and resources at relatively high costs, subject to the business environment and uncertainties in the development of the market economy. In the event that our Group encounters problems or delays in expanding our business into other industry sectors, the business and results of operations and prospects of our Group could be affected.

Dependence on key executives

The performance of our Group and the implementation of our Group's business plans depend on, to a significant extent, the continued service, leadership and performance of our executive Directors and our senior management. Our executive Directors and our senior management have been our Group's key personnel to maintain close relationship with our Group's existing clients and to extend our Group's customer network. The loss of service of any executive Directors and our senior management without immediate and adequate replacement may result in a material adverse effect on the operations and financial position of our Group.

FINANCIAL INFORMATION

BASIS OF PREPARATION

The financial information have been prepared in accordance with the accounting policies set out below, which conform to the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes the Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial information also comply with the applicable disclosure requirements of the Companies Ordinance and the GEM Listing Rules.

The financial information has been prepared under the historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial information. Although these estimates are based on our management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information, are disclosed below.

As at the date of this report, the HKICPA has issued certain new or amended HKFRS that are not yet effective, and have not been adopted earlier by our Group. Our Directors anticipate that all of the pronouncements will be adopted in our Group’s accounting policies for the first period beginning after the effective date of the pronouncement. Information on those new or amended HKFRSs that are expected to have impact on our Group’s accounting policies is set out in Appendix I to this prospectus. Certain other new or amended HKFRSs have been issued but are not expected to have a material impact on our Group’s financial statements.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Our Group has prepared financial statements in accordance with the HKFRSs, which requires our Group to adopt accounting policies and make estimates and assumptions that our Group’s management believes are appropriate in the circumstances for the purpose of giving a true and fair view of its results and financial position. However, different policies, estimates and assumptions in critical areas could lead to materially different results. Our Group has continually evaluated these estimates based on its own experience, knowledge and assessment of current business and other conditions, and our Group’s expectations based on available information and other reasonable assumptions, which together form the basis for making judgements about matters that are not readily apparent from other sources. The use of estimates is an integral component of the financial reporting process, and our Group’s actual results could differ from these estimates. Some of our Group’s accounting policies require a higher degree of judgement than others in their application. Our Group believes the preparation of our Group’s financial statements uses the following accounting policies which involve the most significant estimates and higher degree of judgement.

FINANCIAL INFORMATION

A. CRITICAL ACCOUNTING POLICIES

Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services. Provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from staff outsourcing services represents the amounts billed for the services of our outsourcing staff. This is recognised on a monthly basis when the services have been provided. Our Group reports gross revenue and the related direct costs of our staff outsourcing services as our Group acts as a principal in the arrangements and has the risks and rewards of ownership (such as for the obligation to pay our outsourcing staff and the risk of loss for collection of the related trade receivables).

Revenue from executive/staff search services, based on a percentage of the candidate's remuneration package in the first year of his/her employment, is recognised when the services are rendered pursuant to the terms of the agreement which usually coincides with the employment commencement date. A provision is made by the management, based on past experience, for the possible cancellation of placements prior to, or shortly after, the commencement of employment.

Our Group presents revenues and the related direct costs of services in accordance with HKAS 18 *Revenue*. For arrangements in which our Group acts as a principal in the transaction and has risks and rewards of ownership (such as the obligation to pay our outsourcing staff and the risk of loss for collection), our Group reports gross revenues and gross direct costs. Under arrangements where the Group acts as an agent as is the case in executive/staff search services, revenues are reported on a net basis.

Revenue from other human resources support services are recognised as follows:

- Revenue from our payroll outsourcing services represents the amounts billed for the payroll processing services provided to our clients. This is recognised on a monthly basis when the services have been provided.
- Revenue from sales of eHRIS software represents the amounts billed for the transfer of rights to use IT system and related services. This is recognised when the system has been installed and the services have been provided respectively.

Interest income from bank deposits is accrued on a time apportionment basis using the effective interest method.

The reporting accountants of our Company concurred with our Directors' view that the above revenue recognition policy has been consistently applied during the Track Record Period and is in compliance with the relevant HKFRSs.

FINANCIAL INFORMATION

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition 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 our Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less their residual values, using straight-line method, over their estimated useful lives, at the following rates per annum:

Leasehold improvements	20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	30%

The assets' residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those of other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Financial assets

Our Group's financial assets mainly comprise loans and receivables including trade and other receivables, deposits, amounts due from directors, amount due from a related company, pledged bank deposits and cash at banks.

Management of our Group determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, our Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of our Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

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- granting concession to a debtor because of the debtor’s financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss on loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss for the period in which the reversal occurs.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When our Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

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Financial liabilities

Our Group's financial liabilities include accrued expenses and other payables, bank borrowings and obligations under a finance lease, which are financial liabilities at amortised cost.

Financial liabilities are recognised when our Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with our Group's accounting policy for borrowing costs as stated in the paragraph headed "Borrowing costs" below. A financial liability is derecognised when the obligation or the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accrued expenses and other payables

These are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless our Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Finance lease liabilities

Financial lease liabilities are measured at initial value less the future finance charges of lease repayments, and subsequently measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets, which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Other borrowing costs are expensed when incurred.

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Employee benefits

Long service payment and employee leave entitlements

Employee entitlements to long service payment and annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for long services payment and annual leave as a result of services rendered by employees up to each reporting date. Non-accumulating compensated absences are not recognised until the time of leave.

Pension obligations

Our Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of our Group in an independently administered fund. Our Group’s employer contributions vest fully with the employees when contributed into MPF Scheme.

B. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

Our Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to 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 within the next financial year are discussed below:

Revenue recognition

Our Group recognises revenue when the services are rendered. In respect of the executive/staff search services, our management made judgement in considering the time of fulfilling the detailed criteria for the recognition of revenue when the services are rendered pursuant to the terms of the agreements which usually coincides with the employment commencement date. A provision is made by our management, based on estimation with reference to historical experience, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the commencement date.

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In respect of our staff outsourcing services, the management made judgement in considering if our Group acts as a principal from the accounting perspective, and hence recognises the gross revenue and the related direct costs, with reference to all relevant facts and circumstances of the service arrangements. Our Group is the primary obligor in the arrangements and is responsible for the acceptability of the services provided by our outsourcing staff to our clients during the service period. Our Group also maintains an employer/employee relationship with and has the obligation to pay our outsourcing staff and bears the credit risk of not collecting the related trade receivables from our clients. After taking into consideration of these factors, our management considers that our Group is acting as a principal from the accounting perspective since we have exposure to the significant risks and rewards associated with the rendering of our staff outsourcing services.

Impairment of receivables

The policy for the impairment of receivables of our Group is based on the evaluation of collectability and ageing analysis of receivable and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Depreciation

Our Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives of three to five years, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect our Directors' best estimate of the periods that our Group intends to derive future economic benefits from the use of our Group's property, plant and equipment.

Estimated current tax and deferred tax

Our Group is subject to taxes in different jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Our Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

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MANAGEMENT DISCUSSION AND ANALYSIS

Summary of consolidated statements of comprehensive income

The following table summarises our Group's consolidated revenue and results for each of the Track Record Period, which are derived from our consolidated financial statements as included in the accountants' report set forth in Appendix I to this prospectus:

	For the year ended		For the six months ended	
	31 March		30 September	
	2011	2012	2011	2012
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Revenue	151,021,972	165,237,705	83,117,745	90,149,806
Direct costs	<u>(134,664,872)</u>	<u>(146,220,752)</u>	<u>(73,181,600)</u>	<u>(80,319,924)</u>
Gross profit	16,357,100	19,016,953	9,936,145	9,829,882
Other income	18,160	52,522	219	471,738
General and administrative expenses	(7,351,338)	(7,280,586)	(3,574,917)	(4,171,558)
Other operating expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,262,006)</u>
Operating profit	9,023,922	11,788,889	6,361,447	3,868,056
Finance costs	<u>(262,129)</u>	<u>(358,030)</u>	<u>(204,170)</u>	<u>(161,707)</u>
Profit before income tax	8,761,793	11,430,859	6,157,277	3,706,349
Income tax expense	<u>(1,461,020)</u>	<u>(1,741,077)</u>	<u>(1,026,267)</u>	<u>(888,782)</u>
Profit for the year/period	<u>7,300,773</u>	<u>9,689,782</u>	<u>5,131,010</u>	<u>2,817,567</u>
Other comprehensive income for the year/period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year/period attributable to owners of our Company	<u><u>7,300,773</u></u>	<u><u>9,689,782</u></u>	<u><u>5,131,010</u></u>	<u><u>2,817,567</u></u>
Earnings per share for profit attributable to owners of our Company – Basic and diluted (HK cents)	<u><u>2.2</u></u>	<u><u>3.0</u></u>	<u><u>1.6</u></u>	<u><u>0.9</u></u>

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Revenue

Our Group's revenue is mainly derived from our staff outsourcing services, executive/staff search services and other human resources support services. Our revenue increased from approximately HK\$151.0 million for the year ended 31 March 2011 to approximately HK\$165.2 million for the year ended 31 March 2012 which represented a growth of approximately 9.4%. Our revenue further increased from approximately HK\$83.1 million for the six months ended 30 September 2011 to approximately HK\$90.1 million for the six months ended 30 September 2012 which represented a growth of approximately 8.4%.

The following table sets forth the analysis of revenue by business units of our Group during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Staff outsourcing services	139,557	92.4	150,340	91.0	76,028	91.5	81,136	90.0
Executive/staff search services	10,310	6.8	9,292	5.6	6,305	7.6	6,120	6.8
Other human resources support services	1,155	0.8	5,606	3.4	785	0.9	2,894	3.2
Total revenue	151,022	100.0	165,238	100.0	83,118	100.0	90,150	100.0

Staff outsourcing services

The major income sources of our Group during the Track Record Period were derived from the staff outsourcing services. For each of the two years ended 31 March 2011 and 2012, approximately 92.4% and 91.0% of the revenue was contributed from our staff outsourcing services respectively. The staff outsourcing services provided by our Group are mainly the sourcing and employing of suitable candidates that match the job descriptions specified by our Group's clients and their subsequent secondment to our Group's clients. The revenue from our staff outsourcing services increased from approximately HK\$139.6 million for the year ended 31 March 2011 to approximately HK\$150.3 million for the year ended 31 March 2012, which represented a growth of approximately 7.7%. The growth in the revenue from staff outsourcing services was mainly attributable to the implementation of Minimum Wage Ordinance in May 2011 which we increased the basic salary of 151 staff from April 2011 to May 2011 and the increase in demand for our staff outsourcing services from Client A from approximately HK\$72.8 million in the year ended 31 March 2011 to approximately HK\$104.6 million in the year ended 31 March 2012 and was partly offset by the decrease in demand for our staff outsourcing services from Client B during the year ended 31 March 2012.

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For each of the six months ended 30 September 2011 and 2012, approximately 91.5% and 90.0% of the revenue was contributed from the staff outsourcing services respectively. The revenue from the staff outsourcing services increased from approximately HK\$76.0 million for the six months ended 30 September 2011 to approximately HK\$81.1 million for the six months ended 30 September 2012, which represented a growth of approximately 6.7%. The growth in the revenue from staff outsourcing services was mainly attributable to the overall increment in salaries of our outsourcing staff for the six months ended 30 September 2012.

Executive/staff search services

The executive/staff search services provided by our Group generally involve the seeking of appropriate executives and staff to fulfill our clients' needs. For each of the two years ended 31 March 2011 and 2012, approximately 6.8% and 5.6% of the revenue was contributed from the executive/staff search services respectively. The revenue from our executive/staff search services decreased from approximately HK\$10.3 million for the year ended 31 March 2011 to approximately HK\$9.3 million for the year ended 31 March 2012 which represented a drop of approximately 9.7%. Out of the approximately HK\$9.3 million revenue from our executive/staff search services for the year ended 31 March 2012, approximately HK\$1.7 million of the revenue was related to the assignments done by the directors of Zebra SOS and our staff other than our ESS-Banking Team. The decrease in revenue from the executive/staff search services was mainly attributable to a decrease in the number of successfully placed candidates during the year ended 31 March 2012 in which the number of successfully completed assignments for executive/staff search services decreased from 166 cases in the year ended 31 March 2011 to 128 cases in the year ended 31 March 2012. Our Directors consider the decrease in successfully completed assignments in the year ended 31 March 2012 was attributable to (i) the decrease in demand for the executive/staff search services from both Client A and Client B; and (ii) less successful executive/staff search assignments solicited and completed by Ms. Yeung for the year ended 31 March 2012 owing to the shift of focus of the role of Ms. Yeung to management from soliciting and handling new executive/staff search assignments.

For each of the six months ended 30 September 2011 and 2012, approximately 7.6% and 6.8% of the revenue was contributed from our executive/staff search services respectively. The revenue from our executive/staff search services decreased from approximately HK\$6.3 million in the six months ended 30 September 2011 to approximately HK\$6.1 million for the six months ended 30 September 2012 which represented a drop of approximately 3.2%. The slight decrease in revenue from our executive/staff search services was mainly attributable to a decrease in revenue generated from the assignments done by the directors of Zebra SOS from approximately HK\$1,539,000 for the six months ended 30 September 2011 to approximately HK\$196,000 for the six months ended 30 September 2012 as they had to devote their time and resources in preparation of the Listing and was partly offset by the 13 successful assignments solicited and completed by our new executive/staff search team which was set up in July 2012 with a primary focus on commerce and retail sectors.

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Other human resources support services

Other than staff outsourcing services and executive/staff search services, we provide other human resources support services including: (i) sales of eHRIS software, (ii) payroll outsourcing services; and (iii) human resources advisory and administration services. For the two years ended 31 March 2011 and 2012, approximately 0.8% and 3.4% of the revenue was generated from other human resources support services, respectively. The revenue from other human resources support services increased significantly from approximately HK\$1.2 million for the year ended 31 March 2011 to approximately HK\$5.6 million for the year ended 31 March 2012, which represented a growth of approximately 366.7%. The significant growth in revenue from other human resources support services was mainly attributable to the increased sales of our eHRIS software from approximately HK\$0.3 million for the year ended 31 March 2011 to approximately HK\$4.1 million for the year ended 31 March 2012. The increase in sales of our eHRIS software during the Track Record Period was mainly attributable to our commencement of sales to the PRC market for the year ended 31 March 2012. Given that (i) the PRC clients are all sizeable manufacturers with the need to enhance their human resources systems; (ii) the Sponsor has conducted site visits and interviews with the PRC clients and background check against the PRC clients and are satisfied with the genuineness of these PRC clients; (iii) the price of our eHRIS software offered to these PRC clients are comparable to that offered to our Group's other clients which are Hong Kong listed companies; (iv) the payments had been settled in full by all these PRC clients, our Directors and the Sponsor are of the view that the sales of our eHRIS software to the PRC clients were on normal commercial terms.

For each of the six months ended 30 September 2011 and 2012, approximately 0.9% and 3.2% of the revenue was generated from other human resources support services respectively. The revenue from our other human resources support services increased significantly from approximately HK\$0.8 million for the six months ended 30 September 2011 to approximately HK\$2.9 million for the six months ended 30 September 2012, which represented a growth of approximately 262.5%. The significant growth in revenue from other human resources support services was mainly attributable to the increased sales of our eHRIS software from approximately HK\$8,000 for the six months ended 30 September 2011 to approximately HK\$2.1 million for the six months ended 30 September 2012. Our Directors consider that the increase in sales of our eHRIS for the six months ended 30 September 2012 was attributable to our Group successfully concluded the sale of our eHRIS software on Licence model to two new clients in Hong Kong and one new client in the PRC during the period.

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Information about major clients

During each of the Track Record Period, the revenue from our Group's top five clients accounted for approximately HK\$145.0 million, HK\$154.1 million and HK\$83.0 million or approximately 96.1%, 93.3% and 92.0% of the total revenue of our Group respectively. Our Group's top five clients operate in the banking, telecommunications and insurance sectors. The percentage of revenue from our Group's top five clients decreased during the Track Record Period was mainly attributable to the increase in sales of our eHRIS software to other clients.

Revenue from top five clients of our Group during the Track Record Period is as follows:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	Approximate % of our revenue		Approximate % of our revenue		Approximate % of our revenue		Approximate % of our revenue	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
Client A	75,066,704	49.7	106,659,564	64.5	49,985,034	60.1	60,291,048	66.9
Client B	50,679,118	33.6	32,728,105	19.8	20,960,701	25.2	13,904,883	15.4
Client C	5,395,514	3.6	8,203,646	5.0	3,892,320	4.7	5,539,939	6.1
Client D	10,601,982	7.0	3,663,972	2.2	1,891,717	2.3	2,125,237	2.4
Client E	N/A	N/A	2,892,690	1.8	1,707,690	2.1	N/A	N/A
Client F	3,253,269	2.2	N/A	N/A	N/A	N/A	1,112,700	1.2

Revenue from our clients who contributed over 10% of total revenue of our Group during the Track Record Period is as follows:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	Approximate % of our revenue		Approximate % of our revenue		Approximate % of our revenue		Approximate % of our revenue	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
Client A	75,066,704	49.7	106,659,564	64.5	49,985,034	60.1	60,291,048	66.9
Client B	50,679,118	33.6	32,728,105	19.8	20,960,701	25.2	13,904,883	15.4

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Client A is the consumer banking subsidiary of a globally diversified financial services group headquartered in the US while Client B is the Hong Kong banking subsidiary of a leading financial services group listed and headquartered in Singapore, with over 200 branches across 15 market in Asia. Client A used our staff outsourcing services and executive/staff search services for each of the two years ended 31 March 2012 and the six months ended 30 September 2012 while Client B used our staff outsourcing services and our executive/staff search services for each of the two years ended 31 March 2012 but only used our staff outsourcing services for the six months ended 30 September 2012. The revenue from Client A represented approximately 49.7% and 64.5% respectively of our total revenue during the two years ended 31 March 2011 and 2012 and the revenue from Client B represented approximately 33.6% and 19.8% respectively of our total revenue during the two years ended 31 March 2011 and 2012. The increase in revenue from Client A during the year ended 31 March 2012 was attributable to the increase in demand for our staff outsourcing services to Client A from approximately 398 as at 31 March 2011 to approximately 434 as at 31 March 2012 and was partly offset by the decrease in successful executive/staff search assignments from 45 in the year ended 31 March 2011 to 30 in the year ended 31 March 2012. The decrease in revenue from Client B during the year ended 31 March 2012 was attributable to the decrease in demand for our staff outsourcing services to Client B from approximately 154 as at 31 March 2011 to approximately 76 as at 31 March 2012 and the decrease in successful executive/staff search assignments from 18 in the year ended 31 March 2011 to 1 in the year ended 31 March 2012.

The revenue from Client A represented approximately 60.1% and 66.9% respectively of our total revenue during each of the six months ended 30 September 2011 and 2012 and the revenue from Client B represented approximately 25.2% and 15.4% respectively of our total revenue during each of the six months ended 30 September 2011 and 2012. The increase in revenue from Client A during the six months ended 30 September 2012 was attributable to the the overall increment in salaries of our outsourcing staff seconded to Client A for the six months ended 30 September 2012 as compared to the previous period and the increase in successful executive/staff search assignments from 19 in the six months ended 30 September 2011 to 22 in the six months ended 30 September 2012. The decrease in revenue from Client B during the six months ended 30 September 2012 was attributable to the decrease in demand for our staff outsourcing services to Client B from approximately 91 as at 30 September 2011 to approximately 65 as at 30 September 2012 and the decrease in successful executive/staff search assignments from 1 in the six months ended 30 September 2011 to nil in the six months ended 30 September 2012.

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Gross profit margin analysis

The following table sets forth the analysis of segment result and gross profit margins by business units of our Group during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2011		2012		2011		2012	
	Gross profit margins		Gross profit margins		Gross profit margins		Gross profit margins	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Staff outsourcing services	10,180	7.3	9,530	6.3	5,495	7.2	4,233	5.2
Executive/staff search services	5,492	53.3	6,012	64.7	4,555	72.3	3,795	62.0
Other human resources support services	<u>685</u>	59.3	<u>3,475</u>	62.0	<u>(114)</u>	(14.6)	<u>1,802</u>	62.2
Total	<u><u>16,357</u></u>	10.8	<u><u>19,017</u></u>	11.5	<u><u>9,936</u></u>	12.0	<u><u>9,830</u></u>	10.9

Our overall gross profit margin increased from approximately 10.8% for the year ended 31 March 2011 to approximately 11.5% for the year ended 31 March 2012. The increase in our overall gross profit margin for the year ended 31 March 2012 as compared to that of the previous year was attributed mainly to the increased contribution from other human resources support services which have a higher gross profit margin compared to our staff outsourcing services. The low gross profit margin for our staff outsourcing services compared to our other services was mainly attributable to the fact that the major part of the revenue received from our staff outsourcing services was used for the payment of the salaries of outsourcing staff. Our overall gross profit margin decreased from approximately 12.0% for the six months ended 30 September 2011 to approximately 10.9% for the six months ended 30 September 2012. The decrease in our overall gross profit margin for the six months ended 30 September 2012 as compared to that of the previous period was mainly attributed to the decrease in successful executive/staff search assignments completed by the directors of Zebra SOS which have a higher profit margin as compared to the previous corresponding period.

Our gross profit margin for staff outsourcing services decreased from approximately 7.3% for the year ended 31 March 2011 to approximately 6.3% for the year ended 31 March 2012. The decrease in gross profit margin for our staff outsourcing services for the year ended 31 March 2012 as compared to that of the previous year was mainly attributed to the decrease in service fee for each outsourcing staff at our major client's request. Our gross profit margin for our staff outsourcing services decreased from approximately 7.2% for the six months ended 30 September 2011 to approximately 5.2% for the six months ended 30 September 2012. The decrease in gross profit margin for our staff outsourcing services for the six months ended 30

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September 2012 as compared to that of the previous period was mainly attributed to the growth rate in revenue from our staff outsourcing services is lower than the growth rate in employee expenses for our staff outsourcing services by approximately 2.3%. As disclosed in the paragraph headed “Decrease in gross profit margin of our outsourcing staff services” under the section headed “Risk factors” and the paragraph headed “Competition” under the section headed “Business” in this prospectus, our Group faces competition from smaller and newly established professional service providers which often compete in terms of pricing. In order to enhance our business scale through achieving higher sales and profit, during the Track Record Period, our Group strived to develop new clients and diversify the business focus to reduce on the banking industry by setting up a new executive/staff search team with a primary focus reliance on commerce and retail sectors in July 2012.

As at 30 September 2012, approximately 10.7% and 8.7% of the service fee of our outsourcing staff on secondment to our Top Clients was charged based on a specified percentage of their basic monthly salary and a specified percentage of their Total Monthly Remuneration respectively. These outsourcing staff were sourced and referred by us to our Top Clients. Since outsourcing staff who are sourced and referred by us to our Top Clients normally command a higher level of service fee than outsourcing staff who are referred to us by the Top Clients and in order to improve the gross profit margin of our staff outsourcing services, it is our strategy to increase the proportion of our outsourcing staff whose service fees are charged on the aforesaid bases. To this end, our Directors have plans to increase the headcount of our staff outsourcing team so as to enable us to process the instructions of our Top Clients more efficiently and to expedite the identification and referral of suitable outsourcing staff to our Top Clients.

Our gross profit margin for executive/staff search services increased from approximately 53.3% for the year ended 31 March 2011 to approximately 64.7% for the year ended 31 March 2012. The increase in gross profit margin for our executive/staff search services for the year ended 31 March 2012 as compared to that of the previous year was mainly due to the reduction in the amount of discretionary bonus paid to Ms. Yeung’s company from approximately HK\$1.8 million to approximately HK\$0.4 million for the year ended 31 March 2012 and more assignments being completed by our Directors and our staff other than our ESS-Banking Team which generated approximately HK\$1.7 million in revenue for the year ended 31 March 2012. The amount of discretionary bonus payable to Ms. Yeung during the year was decided by the board of directors of Zebra SOS at its sole discretion after taking into account, among other things, the total revenue generated from our ESS-Banking Team (save for assignments done by the directors of Zebra SOS and our staff other than our ESS-Banking Team), the actual revenue versus forecasted revenue of our ESS-Banking Team, the number of successful executive/staff search assignments solicited and completed by Ms. Yeung during the year as compared to the previous corresponding period and the overall contribution of Ms. Yeung to our executive/staff search business. The reduction in the discretionary bonus paid from the year ended 31 March 2011 to the year ended 31 March 2012 was mainly attributable to (i) the decrease in revenue contributed from our ESS-Banking Team from approximately HK\$10.3 million for the year ended 31 March 2011 to approximately HK\$7.6 million for the year ended 31 March 2012; (ii) the decrease in successful assignments solicited and completed by Ms. Yeung in the year ended

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31 March 2012 comparing with the year ended 31 March 2011 owing to the shift of focus of the role of Ms. Yeung to management from soliciting and handling new executive/staff search assignments; (iii) more executive/staff search assignments being completed by the directors of Zebra SOS and our staff other than our ESS-Banking Team; and (iv) the ESS-Banking Revenue fell considerably short of the ESS-Banking Revenue target set for the year ended 31 March 2012. For further details regarding the discretionary bonus paid to Ms. Yeung, please refer to the paragraph headed “Supply” under the section headed “Business” in this prospectus. Our gross profit margin for executive/staff search services decreased from approximately 72.3% for the six months ended 30 September 2011 to approximately 62.0% for the six months ended 30 September 2012. The decrease in gross profit margin for executive/staff search services for the six months ended 30 September 2012 as compared to that of the previous period was mainly due to the decrease in successful executive/staff search assignments solicited and completed by the directors of Zebra SOS which generated revenue of approximately HK\$1.5 million for the six months ended 30 September 2011 to approximately HK\$196,000 for the six months ended 30 September 2012.

Our gross profit margin for other human resources support services increased from approximately 59.3% for the year ended 31 March 2011 to approximately 62.0% for the year ended 31 March 2012. The increase in gross profit margin for other human resources support services for the year ended 31 March 2012 as compared to that of the previous year was mainly attributed to the cost advantages from the economies of scale and the increase in revenue in the year ended 31 March 2012 as compared to that in the year ended 31 March 2011. Our gross profit margin for other human resources support services improved from gross loss for the six months ended 30 September 2011 to gross profit for the six months ended 30 September 2012. The improvement in gross profit margin for other human resources support services for the six months ended 30 September 2012 as compared to that of the previous year was mainly attributed to our Group recognising more revenue generated from the sales of our eHIRS software for the six months ended 30 September 2012.

Notwithstanding the intense competition, prevailing unfavourable macroeconomic conditions and rapid changing operating cost that have crimped our Group’s profit margin, in particular, our staff outsourcing services, our Directors are of the view that our Group is able to maintain our competitiveness as well as sustain our business going forward because:

- (i) our Group has maintained a stable and long-term business relationship with our major clients and the provision of our Group’s services is in line with our clients’ business strategies to lessen their administrative workload and costs and is less likely to be affected by unfavourable market environment;
- (ii) our Group has broadened our client base with the increase in the number of clients from approximately 30 in the year ended 31 March 2011 to approximately 40 in the year ended 31 March 2012 and extended our range of services through the provision of other human resources support services and the formation of a new executive/staff search team with a primary focus on commerce and retail sectors;

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- (iii) our Group has expanded our executive/staff search services to other industries and for the six months ended 30 September 2012, we had eight new clients using our executive/staff search services, of which four are in the international fashion and luxury goods industry, one in the FMCG industry, one in the food and beverage industry, one in the customer retail industry and one in the retail apparel industry;
- (iv) our Group intends to set up additional executive/staff search teams to target the executive/staff search market in the industrial and pharmaceutical sectors;
- (v) despite the change of Ms. Yeung's focus from soliciting and handling executive/staff search assignments to management due to her health problem in the year ended 31 March 2012, she has resumed her duty to solicit and handle new executive/staff search assignments for the six months ended 30 September 2012 and our Group will also employ additional staff to strengthen our ESS-Banking Team;
- (vi) the percentage of gross profit contribution from our Group's staff outsourcing services had decreased from approximately 62.2% for the year ended 31 March 2011 to approximately 50.1% for the year ended 31 March 2012 and from approximately 55.3% for the six months ended 30 September 2011 to 43.1% for the six months ended 30 September 2012 while the percentage of gross profit contribution from other human resources support services had increased from approximately 4.2% for the year ended 31 March 2011 to approximately 18.3% for the year ended 31 March 2012 from gross loss for the six months ended 30 September 2011 to gross profit for the six months ended 30 September 2012; and
- (vii) we have implemented sufficient internal control measures to avoid any mismatch of receipt and payment of funds and we have continued to keep up with our good settlement records of the salaries and other employees benefits of our outsourcing staff in accordance with their employment contracts and the applicable Hong Kong laws and regulations (including the Employment Ordinance).

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Staff outsourcing services

The following table sets out the results of the staff outsourcing services of our Group during the Track Record Period:

Staff outsourcing services

	For the year ended 31 March		For the six months ended 30 September	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Revenue	<u>139,557</u>	<u>150,340</u>	<u>76,028</u>	<u>81,136</u>
Salary	125,020	135,822	68,017	74,188
MPF contributions	4,350	4,962	2,498	2,698
Referral fee	<u>7</u>	<u>26</u>	<u>18</u>	<u>17</u>
	<u>129,377</u>	<u>140,810</u>	<u>70,533</u>	<u>76,903</u>
Result	<u>10,180</u>	<u>9,530</u>	<u>5,495</u>	<u>4,233</u>
Gross profit margin	<u>7.3%</u>	<u>6.3%</u>	<u>7.2%</u>	<u>5.2%</u>

The results for our staff outsourcing services decreased by approximately HK\$0.7 million or 6.9% from approximately HK\$10.2 million for the year ended 31 March 2011 to approximately HK\$9.5 million for the year ended 31 March 2012. For the year ended 31 March 2012, the revenue for our staff outsourcing services increased by approximately HK\$10.8 million and our costs increased by approximately HK\$11.4 million during the year ended 31 March 2012 as compared to that of the previous year. The increase in total costs is more than the increase in revenue due to the decrease in service fee for each outsourcing staff at our major clients' request.

The increase in salary for our staff outsourcing services from approximately HK\$125.0 million in the year ended 31 March 2011 to approximately HK\$135.8 million for the year ended 31 March 2012 was mainly attributable to the implementation of Minimum Wage Ordinance in May 2011. The increase in MPF contributions from approximately HK\$4.4 million for the year ended 31 March 2011 to approximately HK\$5.0 million for the year ended 31 March 2012 was in line with the increase in the salary for our staff outsourcing services resulting from the implementation of Minimum Wage Ordinance in May 2011. The referral fee is the fee paid to our staff for the referral of outsourcing staff to us and increased from approximately HK\$7,000 for the year ended 31 March 2011 to approximately HK\$26,000 for the year ended 31 March 2012 which was attributable to more staff being referred to us.

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The results for our staff outsourcing services decreased by approximately HK\$1.3 million or 23.0% from approximately HK\$5.5 million for the six months ended 30 September 2011 to approximately HK\$4.2 million for the six months ended 30 September 2012. For the six months ended 30 September 2012, the revenue for our staff outsourcing services increased by approximately HK\$5.1 million and our costs increased by approximately HK\$6.4 million as compared to that for the corresponding period in the previous year. The increase in total costs is more than the increase in revenue due to the growth rate in revenue from our staff outsourcing services is lower than the growth rate in employee expenses for our staff outsourcing services by approximately 2.3%.

The increase in salary for our staff outsourcing services from approximately HK\$68.0 million for the six months ended 30 September 2011 to approximately HK\$74.2 million for the six months ended 30 September 2012 was mainly attributable to the overall increment in salaries of our outsourcing staff seconded to Client A for the six months ended 30 September 2012. The increase in MPF contributions from approximately HK\$2.5 million for the six months ended 30 September 2011 to approximately HK\$2.7 million for the six months ended 30 September 2012 was in line with the increase in the salary for our staff outsourcing services. The referral fee paid to our staff remained stable from approximately HK\$18,000 for the six months ended 30 September 2011 to approximately HK\$17,000 for the six months ended 30 September 2012.

Executive/staff search services

The following table sets out the results of the executive/staff search services of our Group during the Track Record Period:

Executive/staff search services

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Revenue	10,310	9,292	6,305	6,120
Salary	2,953	2,855	1,490	1,821
MPF contributions	59	75	40	49
Consultancy fee	1,806	350	220	455
	<u>4,818</u>	<u>3,280</u>	<u>1,750</u>	<u>2,325</u>
Result	<u>5,492</u>	<u>6,012</u>	<u>4,555</u>	<u>3,795</u>
Gross profit margin	<u>53.3%</u>	<u>64.7%</u>	<u>72.3%</u>	<u>62.0%</u>

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The results for our executive/staff search services increased by approximately HK\$0.5 million or 9.1% from approximately HK\$5.5 million for the year ended 31 March 2011 to approximately HK\$6.0 million for the year ended 31 March 2012. For the year ended 31 March 2012, the revenue for our executive/staff search services decreased by approximately HK\$1.0 million and our costs decreased by approximately HK\$1.5 million as compared to that of the previous year. The decrease in total costs is more than the decrease in revenue is mainly because of the reduction in the amount of discretionary bonus paid to Ms. Yeung's company from approximately HK\$1.8 million for the year ended 31 March 2011 to approximately HK\$0.4 million for the year ended 31 March 2012. The amount of discretionary bonus paid to Ms. Yeung during the year in question was decided by the board of directors of Zebra SOS at its sole discretion after taking into account, among other things, the total revenue generated from our ESS-Banking Team (save for assignments done by the directors of Zebra SOS and our staff other than our ESS-Banking Team), the actual revenue versus forecasted revenue of our ESS-Banking Team, the number of successful executive/staff search cases sourced and completed by Ms. Yeung during the year as compared to the previous corresponding period and the overall contribution of Ms. Yeung to our executive/staff search business. The reduction in the amount of discretionary bonus paid from the year ended 31 March 2011 to the year ended 31 March 2012 was mainly attributable to (i) the decrease in revenue contributed from our ESS-Banking Team from approximately HK\$10.3 million in the year ended 31 March 2011 to approximately HK\$7.6 million in the year ended 31 March 2012; (ii) the decrease in successful assignments solicited and completed by Ms. Yeung in the year ended 31 March 2012 as compared to the year ended 31 March 2011 owing to the shift of focus of the role of Ms. Yeung to management from soliciting and handling new executive/staff search assignments; (iii) more executive/staff search assignments being completed by the directors of Zebra SOS and our staff other than our ESS-Banking Team instead of our ESS-Banking Team; and (iv) our ESS-Banking Revenue fell considerably short of the ESS-Banking Revenue target set for the year ended 31 March 2012. For further details regarding the discretionary bonus paid to Ms. Yeung, please refer to the paragraph headed "Supply" under the section headed "Business" of this prospectus.

The level of salary payable to the staff of our executive/staff search department was stable during the Track Record Period from approximately HK\$3.0 million for the year ended 31 March 2011 to approximately HK\$2.9 million for the year ended 31 March 2012. The rate of decrease in employee expenses for our executive/staff search services is lower than the rate of decrease in revenue from our executive/staff search services as (i) more assignments were completed by executive/staff search staff owing to the shift of focus of the role of Ms. Yeung to management from soliciting and handling new executive/staff search assignments; and (ii) a portion of the employee expenses for our executive/staff search staff are fixed and the growth rate of such employee expenses may not be fully in line with the growth rate of the revenue.

The results for our executive/staff search services decreased by approximately HK\$0.8 million or 17.4% from approximately HK\$4.6 million for the six months ended 30 September 2011 to approximately HK\$3.8 million for the six months ended 30

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September 2012. For the six months ended 30 September 2012, the revenue for our executive/staff search services decreased by approximately HK\$0.2 million and our costs increased by approximately HK\$0.6 million during the six months ended 30 September 2012 as compared to that of the six months ended 30 September 2011. The increase in total costs is mainly attributable to the increase in employee expenses for our executive/staff search services as compared to the previous period.

The level of salary payable to the staff of our executive/staff search department increased significantly from approximately HK\$1.5 million for the six months ended 30 September 2011 to approximately HK\$1.8 million for the six months ended 30 September 2012. The increase in employee expenses for our executive/staff search department is attributable to the setting up of a new executive/staff search team comprising four staff to focus primarily on commerce and retail sectors in July 2012.

Other human resources support services

The following table sets out the results of other human resources support services of our Group during the Track Record Period:

Other human resources support services

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Revenue	1,155	5,606	785	2,894
Salary	452	1,921	865	1,017
MPF contributions	18	74	34	41
Provision of PRC business tax	–	136	–	34
	470	2,131	899	1,092
Result	685	3,475	(114)	1,802
Gross profit margin	59.3%	62.0%	(14.6)%	62.2%

The results for other human resources support services increased by approximately HK\$2.8 million or 400% from approximately HK\$0.7 million for the year ended 31 March 2011 to approximately HK\$3.5 million for the year ended 31 March 2012. For the year ended 31 March 2012, the revenue for our other human resources support services

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increased by approximately HK\$4.5 million and our costs increased by approximately HK\$1.7 million during the year ended 31 March 2012 as compared to that of the previous year. The increase in total costs is less than the increase in revenue due to the cost advantages from the economies of scale and the increase in revenue for the year ended 31 March 2012 as compared to that for the previous year and is partly offset by the increase in the expenses payable to our IT department staff from management and supportive employees expenses to other human resources support services expenses.

The increase in salary for our other human resources support services from approximately HK\$0.5 million for the year ended 31 March 2011 to approximately HK\$1.9 million for the year ended 31 March 2012 was mainly attributable to the relocation of our expenses to IT department staff from management and supportive employees expenses to other human resources support services expenses. The increase in MPF contributions from approximately HK\$18,000 for the year ended 31 March 2011 to approximately HK\$74,000 for the year ended 31 March 2012 was in line with the increase in the salary under our other human resources support services.

The provision of business tax of approximately HK\$136,000 is charged at 5% on the sales of eHRIS software to the PRC customers for the year ended 31 March 2012. As advised by our PRC legal advisers, given that the sales of eHRIS software only relates to the licensing for the use of the software instead of the outright transfer of licence itself, our Group is not eligible for the business tax exemption.

The results for other human resources support services increased by approximately HK\$1.9 million from a loss of approximately HK\$0.1 million for the six months ended 30 September 2011 to a profit of approximately HK\$1.8 million for the six months ended 30 September 2012. For the six months ended 30 September 2012, the revenue for our other human resources support services increased by approximately HK\$2.1 million and our costs increased by approximately HK\$0.1 million during the six months ended 30 September 2012 as compared to that for the six months ended 30 September 2011. The gross loss for the six months ended 30 September 2011 was mainly attributable to the low level of sales of our eHRIS software of approximately HK\$8,000 recorded in the six months ended 30 September 2011 while we had to pay for the staff cost during the six months ended 30 September 2011. The increase in total costs is less than the increase in revenue due to our Group recognised more revenue generated from the sales of eHRIS software of approximately HK\$2.1 million for the six months ended 30 September 2012.

The increase in salary for our other human resources support services from approximately HK\$0.9 million for the six months ended 30 September 2011 to approximately HK\$1.1 million for the six months ended 30 September 2012 was mainly attributable to the upward adjustment of our staff's salaries. The increase in MPF contributions from approximately HK\$34,000 for the six months ended 30 September 2011 to approximately HK\$41,000 for the six months ended 30 September 2012 was in line with the increase in the salary. The provision for business tax of approximately HK\$34,000 is charged at 5% on the sales of our eHRIS software to the PRC clients for the six months ended 30 September 2012.

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Other income

The following table sets out the breakdown of our Group's other income by nature during the Track Record Period:

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			(unaudited)	
Bank interest income	73	495	219	281
Gain on disposal of property, plant and equipment	–	–	–	470,000
Sundry income	18,087	52,027	–	1,457
	<u>18,087</u>	<u>52,027</u>	<u>–</u>	<u>1,457</u>
 Total other income	 <u>18,160</u>	 <u>52,522</u>	 <u>219</u>	 <u>471,738</u>

The total other income of our Group increased from approximately HK\$18,160 for the year ended 31 March 2011 to approximately HK\$52,522 for the year ended 31 March 2012 which represented an approximately 189.2% growth. The sundry income mainly represents the handling charge from our clients for reimbursement of miscellaneous expenses made by our Group and the sundry income of our Group increased from approximately HK\$18,087 for the year ended 31 March 2011 to approximately HK\$52,027 for the year ended 31 March 2012.

The total other income of our Group increased from approximately HK\$219 for the six months ended 30 September 2011 to approximately HK\$471,738 for the six months ended 30 September 2012. The gain on disposal of property, plant and equipment of approximately HK\$470,000 for the six months ended 30 September 2012 is attributable to the disposal of a vehicle to an Independent Third Party.

Taxation

Our Group is subject to Hong Kong profits tax in respect of profits derived from its operations in Hong Kong and PRC enterprise income tax, PRC business tax and other PRC auxiliary indirect taxes and surcharges in respect of its income derived from the sales of eHRIS software to PRC customers.

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(a) Income taxes

No provision for Hong Kong profits tax and PRC enterprise income tax was made by our Company and Orient Apex as no assessable profit was derived in Hong Kong and the PRC during the Track Record Period.

Hong Kong Profits Tax has been provided at the rate of 16.5% on Zebra SOS's estimated assessable profit derived in Hong Kong for each of the years/period during the Track Record Period. The amount of the provision for income tax was approximately HK\$1,461,020, HK\$1,468,077 and HK\$828,020 for each of the Track Record Period respectively.

Zebra SOS sold eHRIS software to PRC clients during the year ended 31 March 2012 and the six months ended 30 September 2012 and is therefore subject to PRC enterprise income tax in respect of its income derived in the PRC for the year ended 31 March 2012 and the six months ended 30 September 2012. Pursuant to the PRC Enterprise Income Tax Laws and its detailed implementing rules (中華人民共和國企業所得稅法及其實施細則), as Zebra SOS is a non-resident enterprise for the purpose of tax calculation, PRC enterprise income tax payable by Zebra SOS is calculated at a rate of 10%. Furthermore, according to the Interim Measures for the Administration of Source-based Withholding of Enterprise Income Tax on Non-resident Enterprises (非居民企業所得稅源泉扣繳管理暫行辦法), the PRC enterprise income tax payable by Zebra SOS shall be withheld and paid, on its behalf, by its PRC customers as withholding agents on behalf of Zebra SOS. The amounts of approximately HK\$273,000 and approximately HK\$61,000 respectively for each of the financial year ended 31 March 2012 and the six months ended 30 September 2012 being PRC enterprise income tax have already been paid to the PRC tax authorities at the time when the relevant PRC customers remitted the payments for the service income to our Group.

The amounts of approximately HK\$1,461,020, HK\$1,468,077 and HK\$828,020 being Hong Kong profits tax for each of the Track Record Period respectively, and an amount of approximately HK\$273,000 and approximately HK\$61,000 respectively for the year ended 31 March 2012 and the six months ended 30 September 2012 being PRC enterprise income tax have been accounted for as income tax expenses of our Group for the respective financial year/period during the Track Record Period.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the applicable PRC enterprise income tax rate for Zebra SOS in respect of the licensing of its eHRIS software would be lowered to 7% subject to application having been made with, and approval having been obtained from, the PRC tax authorities.

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(b) PRC business tax

Zebra SOS is also subject to PRC business tax at a rate of 5% in respect of its income derived in the PRC for the year ended 31 March 2012 and the six months ended 30 September 2012. Provision for PRC business tax of approximately HK\$136,000 and HK\$34,331 have been made and is recognised as direct costs as it is an indirect tax charged on the related income of our Group for the year ended 31 March 2012 and the six months ended 30 September 2012. Amounts of approximately HK\$136,000 and HK\$34,331, being PRC business tax, were paid by the PRC clients on behalf of Zebra SOS and no penalty was imposed subsequent to 30 September 2012 up to the Latest Practicable Date.

As advised by our PRC legal advisers, given that the sales of eHRIS software only relates to the licence of the right to use our eHRIS software instead of the outright transfer of the licence, our Group is not eligible for the business tax exemption.

(c) Other PRC auxiliary indirect taxes and surcharges

Zebra SOS is also subject to other PRC auxiliary indirect taxes and surcharges, namely city maintenance and construction tax (城市維護建設稅), education tax (教育附加費) and local education tax (地方教育附加費) at an aggregate rate of 12% in respect of business tax paid in the PRC for the year ended 31 March 2012 and the six months ended 30 September 2012. An amount of approximately HK\$16,000 and HK\$4,000 respectively for the year ended 31 March 2012 and the six months ended 30 September 2012 being these PRC auxiliary indirect taxes and surcharges was paid by the PRC customers on behalf of Zebra SOS and no penalty was imposed subsequent to 30 September 2012 up to the Latest Practicable Date. As the amount involved is not material, no provision was made in our Group's financial statements for the year ended 31 March 2012 and the six months ended 30 September 2012.

As advised by our PRC legal advisers after having made relevant enquiries with the local tax authorities, our Group is eligible to enjoy discount in the PRC enterprise income tax. Given that the payments had been settled in full by all our PRC clients and the relevant enquiries which was made to the local tax authorities after such settlements, our Group had not applied for the applications of the tax concessions and paid the PRC enterprise income tax in compliance with the requirement of local tax authorities. The local tax authorities had not imposed any tax penalties on our Group.

Our Directors are of the view that the maximum tax exposures of the Group, in particular, our Group's income derived in the PRC, have already been described as above. Since the PRC enterprise income tax rate applicable to our Group would be lowered from 10% to 7%, our Directors consider that the tax charges recognised for each of the years/period during the Track Record Period are sufficient. The reporting accountants of our Company concurred with our Directors' view on the sufficiency of the tax charges recognised during the Track Record Period.

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YEAR ENDED 31 MARCH 2012 COMPARED TO YEAR ENDED 31 MARCH 2011 AND SIX MONTHS ENDED 30 SEPTEMBER 2012 COMPARED TO SIX MONTHS ENDED 30 SEPTEMBER 2011

Revenue

Our revenue is mainly derived from the staff outsourcing services, executive/ staff search services and other human resources support services. The revenue increased from approximately HK\$151.0 million for the year ended 31 March 2011 to approximately HK\$165.2 million for the year ended 31 March 2012 which represented an approximately 9.4% growth.

The growth in our revenue from the year ended 31 March 2011 to the year ended 31 March 2012 was mainly attributable to the increase in revenue from our staff outsourcing services and other human resources support services. The revenue from our staff outsourcing services increased from approximately HK\$139.6 million for the year ended 31 March 2011 to approximately HK\$150.3 million for the year ended 31 March 2012, which represented a growth of approximately 7.7% growth while the revenue from the other human resources support services increased from approximately HK\$1.2 million for the year ended 31 March 2011 to approximately HK\$5.6 million for the year ended 31 March 2012, which represented a growth of approximately 366.7%.

Given the strong growth of our other human resources support services during the year ended 31 March 2012, the revenue contribution from our staff outsourcing services decreased slightly from approximately 92.4% for the year ended 31 March 2011 to approximately 91.0% for the year ended 31 March 2012 while the revenue contribution from our executive/staff search services decreased slightly from approximately 6.8% for the year ended 31 March 2011 to approximately 5.6% for the year ended 31 March 2012.

The revenue increased from approximately HK\$83.1 million for the six months ended 30 September 2011 to approximately HK\$90.1 million for the six months ended 30 September 2012, which represented a growth of approximately 8.4%.

The growth in our revenue from the six months ended 30 September 2011 to the six months ended 30 September 2012 was mainly attributable to the increase in revenue from our staff outsourcing services and other human resources support services. The revenue from the staff outsourcing services increased from approximately HK\$76.0 million for the six months ended 30 September 2011 to approximately HK\$81.1 million for the six months ended 30 September 2012, which represented a growth of approximately 6.7% while the revenue from the other human resources support services increased from approximately HK\$0.8 million for the six months ended 30 September 2011 to approximately HK\$2.9 million for the six months ended 30 September 2012, which represented a growth of approximately 262.5%.

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Given the strong growth of our other human resources support services during the six months ended 30 September 2012, the revenue contribution from our staff outsourcing services decreased slightly from approximately 91.5% for the six months ended 30 September 2011 to 90.0% for the six months ended 30 September 2012 while the revenue contribution from our executive/staff search services decreased slightly from approximately 7.6% for the six months ended 30 September 2011 to 6.8% for the six months ended 30 September 2012.

Employee expenses

The following table sets out the employee expenses of our Group by business segments for each of the Track Record Period:

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Staff outsourcing services	129,370	140,784	70,515	76,886
Executive/staff search services	3,012	2,929	1,530	2,325
Other human resources support services	470	1,995	899	1,058
Management and support employees	4,665	3,982	1,837	2,310
	<u>137,517</u>	<u>149,690</u>	<u>74,781</u>	<u>82,579</u>
Total	<u>137,517</u>	<u>149,690</u>	<u>74,781</u>	<u>82,579</u>

The employee expenses for our staff outsourcing services increased from approximately HK\$129.3 million for the year ended 31 March 2011 to approximately HK\$140.8 million for the year ended 31 March 2012 which represented a growth of approximately 8.9%. The growth in employee expenses was mainly attributable to the implementation of Minimum Wage Ordinance in May 2011. The growth rate in employee expenses for our staff outsourcing services is higher than the growth rate in revenue for our staff outsourcing service services of approximately 7.7% which is mainly attributable to more competitive service terms being offered to our customers.

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The employee expenses for our staff outsourcing services increased from approximately HK\$70.5 million for the six months ended 30 September 2011 to approximately HK\$76.9 million for the six months ended 30 September 2012 which represented approximately 9.1% growth. The growth in employee expenses was mainly attributable to the overall increment in salaries of our outsourcing staff for the six months ended 30 September 2012 as compared to the six months ended 30 September 2011. The growth rate in employee expenses for our staff outsourcing services is higher than the growth rate in revenue for our staff outsourcing services income of approximately 6.7% because some of our staff outsourcing service fee was charged a fixed monthly fee per our outsourcing staff regardless of the increase in our outsourcing staff's salary. Given that our service fee income remained unchanged despite an increase in salaries of our outsourcing staff, our gross profit margin fell.

The employee expenses for our staff outsourcing services, executive/staff search services and other human resources support services were recognised as direct costs while the employee expenses for management and support employees, including directors' remuneration, were charged to general and administrative expenses of our Group.

Reconciliation between our employee expenses and our direct costs is as follows:

	For the year ended 31 March		For the six months ended 30 September	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Employee expenses:				
Staff outsourcing services	129,370	140,784	70,515	76,886
Executive/staff search services	3,012	2,929	1,530	2,325
Other human resources support services	470	1,995	899	1,058
Consultancy fee	1,805	350	220	–
Referral fee	7	26	18	17
Provision of PRC business tax	–	136	–	34
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Direct costs	<u>134,664</u>	<u>146,220</u>	<u>73,182</u>	<u>80,320</u>

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The employee expenses for our executive/staff search services remained relatively stable from approximately HK\$3.0 million for the year ended 31 March 2011 to approximately HK\$2.9 million for the year ended 31 March 2012, which represented a decrease of approximately 3.3%. The rate of decrease in employee expenses for our executive/staff search services is lower than the rate of decrease in revenue from our executive/staff search services of approximately 9.7%, which is mainly attributable to the fact that (i) more assignments have been completed by executive/staff search staff other than Ms. Yeung owing to the shift of focus of the role of Ms. Yeung to management from soliciting and handling new executive/staff search assignments; and (ii) the employee expenses payable to executive/staff search staff are relatively fixed in nature and may not be fully in line with the level of the revenue.

The employee expenses for our executive/staff search services increased significantly from approximately HK\$1.5 million for the six months ended 30 September 2011 to approximately HK\$2.3 million for the six months ended 30 September 2012, which represented an increase of approximately 53.3%. The increase in employee expenses for our executive/staff search services is mainly attributable to the increase in the number of employees of our executive/staff search department for the six months ended 30 September 2012 due to our Group setting up a new executive/staff search team comprising four staff to focus primarily on commerce and retail sectors in July 2012.

The employee expenses for our other human resources support services increased from approximately HK\$0.5 million for the year ended 31 March 2011 to approximately HK\$2.0 million for the year ended 31 March 2012, which represented a growth of approximately 300%. The growth in employee expenses was mainly attributable to the increase in share of our IT staff expenses to cope with the increased sales of our eHRIS software during the year ended 31 March 2012. The growth rate in employee expenses for our other human resources support services is lower than the growth rate in revenue from our other human resources support services of approximately 366.7%, which is mainly attributable to the cost advantages from the economies of scale and the increase in revenue for the year ended 31 March 2012 as compared to that for the year ended 31 March 2011.

The employee expenses for our other human resources support services remained relatively stable from approximately HK\$0.9 million for the six months ended 30 September 2011 to approximately HK\$1.1 million for the six months ended 30 September 2012, which represented a growth of approximately 22.2% growth. The growth rate in employee expenses for our other human resources support services is lower than the growth rate in revenue from our other human resources support services of approximately 262.5%, which is mainly attributable to the cost advantages from the economies of scale and the increase in revenue for the six months ended 30 September 2012 as compared to that of the corresponding period for the six months ended 30 September 2011.

The employee expenses for our management and support employees decreased from approximately HK\$4.7 million for the year ended 31 March 2011 to approximately HK\$4.0 million for the year ended 31 March 2012, which represented an approximate decrease of 14.9%. The decrease in employee expenses was mainly attributable to the increase of our expenses to IT department staff from management and support employees expenses to other human resources support services employees expenses.

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The employee expenses for our management and support employees increased from approximately HK\$1.8 million for the six months ended 30 September 2011 to approximately HK\$2.3 million for the six months ended 30 September 2012, which represented an increase of approximately 27.8%. The increase in employee expenses was mainly attributable to the increment of salaries of our management and support employees in the six months ended 30 September 2012 as compared to the previous period.

General and administrative expenses other than the payment to management and supportive employees

The following table sets out the breakdown of our Group's general and administrative expense other than the payment to management and support employees in the consolidated statements of comprehensive income during the Track Record Period:

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Advertising	128	316	197	165
Depreciation	362	233	148	118
Marketing and entertainment	202	460	269	151
Insurance	420	321	184	260
Rent and rates	755	1,004	502	502
Telephone and internet charges	142	187	88	109
Miscellaneous	677	778	350	557
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>2,686</u>	<u>3,299</u>	<u>1,738</u>	<u>1,862</u>

Our advertising expenses increased from approximately HK\$128,000 for the year ended 31 March 2011 to approximately HK\$316,000 for the year ended 31 March 2012, which represented a growth of approximately 146.9%. The increase in our advertising expenses was mainly attributable to the increase in advertisements placed for the recruitment of staff under our staff outsourcing services and the identification of suitable candidates for our executive/staff search services. Our advertising expenses decreased from approximately HK\$197,000 for the six months ended 30 September 2011 to approximately HK\$165,000 for the six months ended 30 September 2012, which represented a decrease of approximately 16.2%. We incurred more advertising expenses for the six months ended 30 September 2011 because we had subscribed an online advertising for the promotion of our Statutory Minimum Wage tools while we did not incur such advertising expenses for the six months ended 30 September 2012.

Our depreciation expenses decreased from approximately HK\$362,000 for the year ended 31 March 2011 to approximately HK\$233,000 for the year ended 31 March 2012, which represented a decrease of approximately 35.6%. The decrease in our depreciation expenses was

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mainly attributable to the decrease in depreciation of motor vehicles from approximately HK\$196,000 for the year ended 31 March 2011 to approximately HK\$65,000 for the year ended 31 March 2012. Our depreciation expenses decreased from approximately HK\$148,000 for the six months ended 30 September 2011 to approximately HK\$118,000 for the six months ended 30 September 2012, which represented a decrease of approximately 20.3%. The decrease in our depreciation expenses was mainly attributable to the depreciation of the value of a motor vehicle in full during the year ended 31 March 2012.

Our marketing and entertainment expenses increased from approximately HK\$202,000 for the year ended 31 March 2011 to approximately HK\$460,000 for the year ended 31 March 2012 which represented approximately 127.7% growth. The increase in our marketing and entertainment expenses was mainly attributable to the increase in marketing expenses for the maintenance of relationship with our customers and the increase in expenses for organising events for our employees to enhance staff morale. Our marketing and entertainment expenses decreased from approximately HK\$269,000 for the six months ended 30 September 2011 to approximately HK\$151,000 for the six months ended 30 September 2012 which represented approximately 43.9% decrease. The decrease in our marketing and entertainment expenses was mainly attributable to the better cost control measures implemented in the six months ended 30 September 2012 as compared to the previous period.

Our insurance expenses decreased from approximately HK\$420,000 for the year ended 31 March 2011 to approximately HK\$321,000 for the year ended 31 March 2012 which represented a decrease of approximately 23.6%. The decrease in our insurance expenses was mainly attributable to less insurance premium being recognised in the year ended 31 March 2012 as compared to the previous corresponding period. The insurance premium paid for the year ended 31 March 2012 was capitalised and amortised to profit or loss over the period covered by the insurance policy. As a result, an amount of approximately HK\$217,000 was capitalised as prepayment by our Group as at 31 March 2012. For the year ended 31 March 2011, the prepaid portion of the insurance premium of approximately HK\$176,000 was not capitalised as prepayment by the Group as at 31 March 2011 as the amount involved was not considered to be material. As a result, a lower insurance expense was charged for the year ended 31 March 2012 as compared to that of the year ended 31 March 2011. Our insurance expenses increased from approximately HK\$184,000 for the six months ended 30 September 2011 to approximately HK\$260,000 for the six months ended 30 September 2012 which represented an increase of approximately 41.3%. The increase in our insurance expenses was mainly attributable to the renewal of office insurance with a higher premium during the period ended 30 September 2012.

Our Group's accounting policy for insurance premium is to capitalise the premium and amortise it over the period covered by the insurance policy. The amount prepaid was recorded as current assets at each reporting date. Our Directors are of the view that the inconsistent treatment for the two years ended 31 March 2012 has immaterial impact on the results of operation for the Track Record Period. Our Group will consistently apply our accounting policy in the future.

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Our rent and rates expenses increased from approximately HK\$755,000 for the year ended 31 March 2011 to approximately HK\$1,004,000 for the year ended 31 March 2012, which represented a growth of approximately 33.0%. The increase in our rent and rates was mainly attributable to a total three-month rent-free period offered by the landlord in the year ended 31 March 2011 comprising one-month's rent of HK\$70,000 under the previous tenancy agreement which expired in May 2010 and two months' rent in the total sum of HK\$161,000 under the existing tenancy agreement. Our rent and rates expenses remained the same at approximately HK\$502,000 for each of the six months ended 30 September 2011 and 2012.

Our telephone and internet charges increased from approximately HK\$142,000 for the year ended 31 March 2011 to approximately HK\$187,000 for the year ended 31 March 2012, which represented a growth of approximately 31.7%. The increase in our telephone and internet charges was mainly attributable to the increase in maintenance cost of our servers. Our telephone and internet charges increased from approximately HK\$88,000 for the six months ended 30 September 2011 to approximately HK\$109,000 for the six months ended 30 September 2012, which represented a growth of approximately 23.9%. The increase in our telephone and internet charges was mainly attributable to the increase in cost of telephone lines and overseas communications for our new executive/staff search team.

Our miscellaneous expenses increased from approximately HK\$677,000 for the year ended 31 March 2011 to approximately HK\$778,000 for the year ended 31 March 2012, which represented a growth of approximately 14.9%. The increase in our miscellaneous expenses was mainly attributable to the bad debt of approximately HK\$43,000 written off by us during the year ended 31 March 2012, and the increase in printing and stationery expenses of approximately HK\$47,000 for the year ended 31 March 2012. Our miscellaneous expenses increased from approximately HK\$350,000 for the six months ended 30 September 2011 to approximately HK\$557,000 for the six months ended 30 September 2012, which represented a growth of approximately 59.1%. The increase in our miscellaneous expenses was mainly attributable to the increase in overseas travelling expenses incurred for business development activities for the six months ended 30 September 2012 as compared to the previous corresponding period.

Other operating expenses

Our other operating expenses were approximately HK\$2.3 million for the six months ended 30 September 2012 which comprised the Listing expenses.

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Finance costs

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Interest charges on:				
Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	239,818	339,437	193,014	148,699
Obligation under a finance lease	<u>22,311</u>	<u>18,593</u>	<u>11,156</u>	<u>13,008</u>
	<u>262,129</u>	<u>358,030</u>	<u>204,170</u>	<u>161,707</u>

Our finance costs increased from approximately HK\$262,000 for the year ended 31 March 2011 to approximately HK\$358,000 for the year ended 31 March 2012, which represented a growth of approximately 36.6%. The increase in our finance costs was mainly attributable to the loan facility drawn by us during the year ended 31 March 2011 in respect of which we had paid interests for the full year in the year ended 31 March 2012.

Our finance costs decreased from approximately HK\$204,000 for the six months ended 30 September 2011 to approximately HK\$161,000 for the six months ended 30 September 2012, which represented approximately 21.1% decrease. The decrease in our finance costs was mainly attributable to the decrease in the borrowing periods of bill payables for the six months ended 30 September 2012.

Income tax expense

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Current tax				
– Hong Kong profits tax				
– charged for the year/period	1,461,020	1,468,077	1,026,267	828,020
– The PRC enterprise income tax				
– charged for the year/period	<u>–</u>	<u>273,000</u>	<u>–</u>	<u>60,762</u>
	<u>1,461,020</u>	<u>1,741,077</u>	<u>1,026,267</u>	<u>888,782</u>

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No provision for Hong Kong profits tax and PRC enterprise income tax were made by our Company and Orient Apex as our Company and Orient Apex did not derive any assessable profits in Hong Kong and the PRC during the Track Record Period.

Hong Kong profits tax has been provided at the rate of 16.5% on Zebra SOS's estimated assessable profit derived in Hong Kong for each of the years/period during the Track Record Period.

Zebra SOS sold our eHRIS software to PRC clients during the year ended 31 March 2012 and the six months ended 30 September 2012 and therefore, was subject to PRC enterprise income tax in respect of its income derived in the PRC for the year ended 31 March 2012 and the six months ended 30 September 2012. Pursuant to the PRC Enterprise Income Tax Laws and its detailed implementing rules (中華人民共和國企業所得稅法及其實施細則), as Zebra SOS is a tax non-resident enterprise, its PRC enterprise income tax is payable at a rate of 10%. Furthermore, according to the Interim Measures for the Administration of Source-based Withholding of Enterprise Income Tax on Non-resident Enterprises (非居民企業所得稅源泉扣繳管理暫行辦法), the PRC enterprise income tax payable by Zebra SOS shall be withheld and paid, on its behalf, by its PRC clients as withholding agents. PRC enterprise income tax, at the rate of 10%, of approximately HK\$273,000 and approximately HK\$61,000 have already been paid to the PRC tax authorities at the time when the respective PRC clients remitted the payments for the service income to our Group for the year ended 31 March 2012 and the six months ended 30 September 2012.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the applicable enterprise income tax rate for Zebra SOS in respect of the licensing of our eHRIS software would be lowered to 7% subject to the application to and approval from the PRC tax authorities. Our Directors confirmed that our Group had not applied for such approval from the PRC tax authorities.

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Reconciliation between the income tax expense and the accounting profit at applicable tax rate is as follows:

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)			
Profit before income tax	<u>8,761,793</u>	<u>11,430,859</u>	<u>6,157,277</u>	<u>3,706,349</u>
Income tax at Hong Kong profits tax rate of 16.5%	1,445,696	1,886,092	1,015,951	611,548
Tax effect of different taxation rate in other tax jurisdiction	–	(177,450)	–	(42,198)
Tax effect of non-deductible expenses	–	22,522	–	378,895
Tax effect of non-taxable income	(12)	(82)	(36)	(46)
Tax effect of deductible temporary differences not recognised	27,961	9,995	10,352	(59,417)
Others	<u>(12,625)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Income tax expense for the year/period	<u>1,461,020</u>	<u>1,741,077</u>	<u>1,026,267</u>	<u>888,782</u>

The income tax expense for the year increased from approximately HK\$1,461,020 in the year ended 31 March 2011 to approximately HK\$1,741,077 in the year ended 31 March 2012, which represented a growth rate of approximately 19.2%. The reason for the increase in income tax expense was attributable to the increase in the profit before income tax of our Group. The profit before income tax of our Group increased from approximately HK\$8,761,793 for the year ended 31 March 2011 to approximately HK\$11,430,859 for the year ended 31 March 2012, which represented a growth rate of approximately 30.5%. The tax expense grew at a rate slower than the growth of profit before income tax was mainly attributable to the tax effect of different taxation rate in other tax jurisdiction of approximately HK\$177,450.

The income tax expense for the period decreased from approximately HK\$1,026,267 for the six months ended 30 September 2011 to approximately HK\$888,782 for the six months ended 30 September 2012 which represented a decrease of approximately 13.4%. The reason for the decrease in income tax expense was attributable to the decrease in the profit before income tax of our Group. The profit before income tax of our Group decreased from

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approximately HK\$6,157,277 for the six months ended 30 September 2011 to approximately HK\$3,706,349 for the six months ended 30 September 2012, which represented a decrease of approximately 39.8%. The decrease in tax expense is less than the decrease in profit before income tax was mainly attributable to the tax effect of non-deductible expenses of approximately HK\$378,895.

Significant decrease in our net profit and net profit margin for the year ending 31 March 2013 due to the non-recurring expenses related to the Listing and increase in general and administrative expenses

For the year ended 31 March 2012, we recorded profit after tax of approximately HK\$9.7 million and based on our management accounts for the ten months ended 31 January 2013, our net profit after tax was approximately HK\$4.5 million. Our Directors are of the view that our net profit margin and net profit for the year ending 31 March 2013 would be decreased to a material extent as compared to the previous year due to (i) the non-recurring expenses in connection with the Listing; and (ii) the increase in general and administrative expenses for the year ending 31 March 2013 as mentioned above. Upon Listing, based on the Placing Price of HK\$0.41 per Share, it is estimated that an aggregate of approximately HK\$12.5 million would be paid to the Underwriters and various professional parties as Listing expenses, which shall be borne by our Company and the Vendor in the proportion of 75% and 25% respectively. The Listing expenses borne by our Company will be treated as follows: (i) approximately HK\$4.6 million will be charged to profit or loss, representing approximately 47.4% of the profit of our Group for the year ended 31 March 2012 of approximately HK\$9.7 million, which will reduce the profit for the year ending 31 March 2013 correspondingly; and (ii) approximately HK\$4.8 million will be accounted for as a deduction from the share premium account of our Group upon Listing. Our Company appointed the professional parties involved in the Listing in December 2011, February 2012 and April 2012 respectively. Although the Listing exercise was commenced in the year ended 31 March 2012, only minimal work was performed by the professional parties (other than the Sponsor) in the year ended 31 March 2012. Therefore, most of the Listing expenses had not been incurred for the year ended 31 March 2012. The Sponsor and our reporting accountants concurred with our Directors' view for not charging the Listing expenses to profit or loss for the year ended 31 March 2012.

As a substantial amount of services were provided by each of the professional parties during the six months ended 30 September 2012, the portion of the Listing expenses, estimated on a time apportionment basis (in the absence of any other basis which better reflects the value of services provided), charged to profit or loss for the six months ended 30 September 2012 amounted to approximately HK\$2.3 million and we expect that further Listing expenses of approximately HK\$2.3 million will be incurred for the six months ending 31 March 2013. Our Directors would like to emphasise that such Listing expenses would be an estimate for reference only and the final amount to be recognised to profit or loss of our Group for the year ending 31 March 2013 is subject to changes in variables and assumptions at the relevant time.

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LIQUIDITY AND CAPITAL RESOURCES

Our Group has historically met its working capital and other capital requirements principally from cash derived from its operations and cash at banks, while raising the remainder of its capital requirements through bank borrowings. As at 31 March 2011, 31 March 2012 and 30 September 2012, our Group had a net current assets of approximately HK\$9.9 million, HK\$14.6 million and HK\$16.7 million respectively. The current assets primarily comprised trade and other receivables, prepayments and deposits, amounts due from our Directors and a related company, pledged bank deposits and cash at banks. The current liabilities primarily comprised accrued expenses and other payables, bank borrowings, obligation under a finance lease and tax payables.

Cash flows

The following table sets forth certain information regarding our Group's cash flows for the periods indicated:

	For the year ended		For the six months	
	31 March		ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			(unaudited)	
<i>Net cash generated from operating activities</i>	3,201,525	1,252,176	5,433,635	503,081
<i>Net cash used in investing activities</i>	(586,700)	(257,518)	(34,228)	(49,876)
<i>Net cash generated from/(used in) financing activities</i>	482,278	(5,899,971)	(5,487,742)	1,592,592
Net increase/(decrease) in cash and cash equivalents	3,097,103	(4,905,313)	(88,335)	2,045,797
Cash and cash equivalents at beginning of year/period	<u>6,234,507</u>	<u>9,331,610</u>	<u>9,331,610</u>	<u>4,426,297</u>
Cash and cash equivalents at end of year/period	<u><u>9,331,610</u></u>	<u><u>4,426,297</u></u>	<u><u>9,243,275</u></u>	<u><u>6,472,094</u></u>

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Cash flow from operating activities

Our Group derives its cash inflow from operation principally from the receipts of our service income. Our cash outflow from operations is principally for the payment of staff costs and rent.

For the six months ended 30 September 2012, our Group recorded net cash inflow from operating activities of approximately HK\$0.5 million, which primarily comprised operating profit before changes in working capital of approximately HK\$3.5 million and adjusted net working capital outflow of approximately HK\$2.9 million and payment of income tax expense of approximately HK\$0.1 million. The net working capital outflow was mainly due to the increase in trade receivables of approximately HK\$6.3 million and the outflow was partly offset by the increase in accrued expenses and other payables of approximately HK\$4.4 million.

For the year ended 31 March 2012, our Group recorded net cash inflow from operating activities of approximately HK\$1.3 million, which primarily comprised operating profit before changes in working capital of approximately HK\$12.1 million and adjusted net working capital outflow of approximately HK\$7.9 million and payment of income tax expense of approximately HK\$2.9 million. The net working capital outflow was due to the increase in trade receivables of approximately HK\$4.1 million, increase in prepayments, deposits and other receivables of approximately HK\$2.1 million, increase in amounts due from our Directors of approximately HK\$1.8 million, increase in amount due from a related company of approximately HK\$3,155 and increase in accrued expenses and other payables of approximately HK\$0.1 million.

For the year ended 31 March 2011, our Group recorded net cash inflow from operating activities of approximately HK\$3.2 million, which primarily comprised operating profit before changes in working capital of approximately HK\$9.4 million and adjusted net working capital outflow of approximately HK\$5.9 million and payment of income tax expense of approximately HK\$0.3 million. The net working capital outflow was due to the increase in trade receivables of approximately HK\$6.2 million, increase in prepayments, deposits and other receivables of approximately HK\$81,163, increase in amounts due from our Directors of approximately HK\$2.9 million, increase in amount due from a related company of approximately HK\$1,155 and decrease in amount due to a related company of approximately HK\$30,000. The cash outflows were partially offset by the increase in accrued expenses and other payables of approximately HK\$3.4 million.

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Cash flow from investing activities

Our Group derives its cash inflow from investing activities primarily from interest income. Our Group's cash outflow from investing activities consisted primarily of the purchase of property, plant and equipment, deposit paid for purchase of property, plant and equipment and increase in pledged bank deposits.

Net cash used in investing activities was approximately HK\$49,876 for the six months ended 30 September 2012. This was primarily due to the purchase of property, plant and equipment of approximately HK\$520,157 and was partially offset by the proceeds from disposal of property, plant and equipment of approximately HK\$470,000.

Net cash used in investing activities was approximately HK\$0.3 million for the year ended 31 March 2012. This was primarily due to the purchase of property, plant and equipment of approximately HK\$0.1 million and deposit paid for purchase of property, plant and equipment of approximately HK\$0.2 million. This was partially offset by the interest received of approximately HK\$495.

Net cash used in investing activities was approximately HK\$0.6 million for the year ended 31 March 2011. This was primarily due to the purchase of property, plant and equipment of approximately HK\$0.1 million and the increase in pledged bank deposits of approximately HK\$0.5 million. This was partially offset by the interest received of approximately HK\$73.

Cash flow from financing activities

Our Group derives its cash inflow from financing activities primarily from the bank borrowings. Our Group's cash outflow from financing activities is mainly attributable to the repayment of bank borrowings, bills payable, interest and dividend paid, payments of capital element of finance lease liabilities and interest element of finance lease liabilities.

For the six months ended 30 September 2012, our Group recorded net cash generated from financing activities of approximately HK\$1.6 million. The cash inflow mainly represented the net proceeds from bills payable of approximately HK\$2.0 million. This was partially offset by the repayment of bank borrowings of approximately HK\$0.2 million, interest paid of approximately HK\$148,699, payment of the capital element of finance lease liabilities of approximately HK\$41,618 and interest element of finance lease liabilities of approximately HK\$13,008.

For the year ended 31 March 2012, our Group recorded net cash used in financing activities of approximately HK\$5.9 million. The cash outflow represented the payment of dividends of approximately HK\$5.0 million, repayment of bank borrowings of approximately HK\$0.4 million, interest paid of HK\$0.4 million, payment of the capital element of finance lease liabilities of approximately HK\$0.1 million and interest element of finance lease liabilities of approximately HK\$18,593.

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For the year ended 31 March 2011, our Group recorded net cash generated from financing activities of approximately HK\$0.5 million. The cash inflow mainly represented the proceeds from new bank borrowings of HK\$7.0 million. This was partially offset by the repayment of bank borrowings of approximately HK\$4.4 million, net repayment of bill payables of approximately HK\$1.7 million, interest paid of approximately HK\$0.2 million, payment of the capital element of finance lease liabilities of approximately HK\$0.2 million and interest element of finance lease liabilities of approximately HK\$22,311.

STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2013, being the Latest Practicable Date for the purpose of ascertaining the information contained in this statement of indebtedness prior to the printing of this prospectus, our Group had outstanding borrowings of approximately HK\$5,781,000, comprising obligations under a finance lease amounting to approximately HK\$1,024,000, which was guaranteed by our Director, Mr. Kung, to the extent of HK\$1,150,000, and bank borrowings amounting to approximately HK\$4,757,000, which were jointly and severally guaranteed by our Directors, Mr. Chang and Mr. Kung to the extent of HK\$8,000,000 and by the Hong Kong Government under the Special Loan Guarantee Scheme to the extent of HK\$6,400,000.

Under the Special Loan Guarantee Scheme introduced by the Hong Kong Government in 2008, the Hong Kong Government will provide a guarantee of up to 80% of the approved loan. The maximum loan amount for each enterprise is HK\$12 million and within the aforesaid limit, an enterprise may obtain from the participating lending institutions a revolving credit line of up to HK\$6 million. Our Group has received in-principle approvals from each of the relevant lending institutions that the personal guarantees by Mr. Chang and Mr. Kung will be released and replaced by our Group's corporate guarantee subject to, among other things, the Listing and the consent from the Trade and Industry Department of the Hong Kong Government.

Save as disclosed above, our Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as at 31 January 2013.

Our Directors confirm that there has been no material adverse change in indebtedness, capital commitment and contingent liabilities of our Group since 31 January 2013.

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The following table sets forth our indebtedness as at the dates indicated:

	As at 31 March		As at	As at
	2011	2012	30 September	31 January
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2012</i> <i>HK\$'000</i>	<i>2013</i> <i>HK\$'000</i> (unaudited)
Current				
Obligation under a finance lease	146	–	261	268
Accrued expenses and other payables	15,160	14,539	19,083	17,983
Bank borrowings	4,496	4,100	5,896	4,757
Tax payable	1,194	73	835	354
	<u>20,996</u>	<u>18,712</u>	<u>26,075</u>	<u>23,362</u>
Non-current				
Obligation under a finance lease	–	–	847	756
Total	<u><u>20,996</u></u>	<u><u>18,712</u></u>	<u><u>26,922</u></u>	<u><u>24,118</u></u>

Unutilised banking facilities of our Group amounted to approximately HK\$5.2 million and HK\$3.2 million as at 30 September 2012 and the Latest Practicable Date respectively.

OPERATING LEASE COMMITMENTS

Future minimum lease payments under a non-cancellable operating lease in respect of our office in Hong Kong are payable as follows:

	As at 31 March		As at
	2011	2012	30 September
	<i>HK\$</i>	<i>HK\$</i>	<i>2012</i> <i>HK\$</i>
Within one year	966,000	966,000	517,883
In the second to fifth years	<u>1,000,883</u>	<u>34,883</u>	<u>–</u>
	<u><u>1,966,883</u></u>	<u><u>1,000,883</u></u>	<u><u>517,883</u></u>

Our Group leases our head office premise under an operating lease. The lease has an initial period of three years. The above lease commitments only include commitments for basic rental and the lease does not include any contingent rental.

FINANCIAL INFORMATION

NET CURRENT ASSETS

The following table sets forth the net current assets of our Group as at the dates indicated:

	As at 31 March		As at 30 September	As at 31 January
	2011	2012	2012	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
				(unaudited)
Current assets				
Trade and other receivables, prepayments and deposits	19,877,317	26,035,062	32,170,058	29,077,057
Amounts due from directors	1,195,822	2,995,822	4,115,963	5,364,453
Amount due from a related company	8,655	11,810	14,810	14,810
Pledged bank deposits	500,000	500,000	500,000	500,000
Cash at banks	9,331,610	4,426,297	6,472,094	7,255,637
	<u>30,913,404</u>	<u>33,968,991</u>	<u>43,272,925</u>	<u>42,211,957</u>
Current liabilities				
Accrued expenses and other payables	15,192,095	15,245,192	19,618,017	18,393,144
Bank borrowings	4,495,826	4,099,682	5,895,599	4,757,261
Obligations under a finance lease	145,797	–	261,210	267,783
Tax payables	1,193,940	73,358	835,077	354,130
	<u>21,027,658</u>	<u>19,418,232</u>	<u>26,609,903</u>	<u>23,772,318</u>
Net current assets	<u><u>9,885,746</u></u>	<u><u>14,550,759</u></u>	<u><u>16,663,022</u></u>	<u><u>18,439,639</u></u>

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As at 31 March 2011, our Group had net current assets of approximately HK\$9.9 million, comprising current assets of approximately HK\$30.9 million and current liabilities of approximately HK\$21.0 million. The current assets as at 31 March 2011 were made up of trade and other receivables, prepayments and deposits of approximately HK\$19.9 million, amounts due from our Directors of approximately HK\$1.2 million, amount due from a related company of approximately HK\$8,655, pledged bank deposits of HK\$0.5 million and cash at banks of approximately HK\$9.3 million. The current liabilities as at 31 March 2011 were made up of accrued expenses and other payables of approximately HK\$15.2 million, bank borrowings of approximately HK\$4.5 million, obligation under a finance lease of approximately HK\$0.1 million and tax payables of approximately HK\$1.2 million.

As at 31 March 2012, our Group had net current assets of approximately HK\$14.6 million, comprising current assets of approximately HK\$34.0 million and current liabilities of approximately HK\$19.4 million. The current assets as at 31 March 2012 were made up of trade and other receivables, prepayments and deposits of approximately HK\$26.1 million, amounts due from our Directors of approximately HK\$3.0 million, amount due from a related company of approximately HK\$11,810, pledged bank deposits of HK\$0.5 million and cash at banks of approximately HK\$4.4 million. The current liabilities as at 31 March 2012 were made up of accrued expenses and other payables of approximately HK\$15.2 million, bank borrowings of approximately HK\$4.1 million and tax payables of approximately HK\$0.1 million.

As at 30 September 2012, our Group had net current assets of approximately HK\$16.7 million, comprising current assets of approximately HK\$43.3 million and current liabilities of approximately HK\$26.6 million. The current assets as at 30 September 2012 were made up of trade and other receivables, prepayments and deposits of approximately HK\$32.2 million, amounts due from our Directors of approximately HK\$4.1 million, amount due from a related company of approximately HK\$14,810, pledged bank deposits of HK\$0.5 million and cash at banks of approximately HK\$6.5 million. The current liabilities as at 31 March 2012 were made up of accrued expenses and other payables of approximately HK\$19.6 million, bank borrowings of approximately HK\$5.9 million, obligation under a finance lease of approximately HK\$0.3 million and tax payables of approximately HK\$0.8 million.

FINANCIAL INFORMATION

TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The following table sets forth our trade and other receivables, prepayments and deposits as at the reporting dates indicated:

	As at 31 March		As at
	2011	2012	30 September
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current			
Deposit paid for purchase of property, plant and equipment	–	150,000	–
Current			
Trade receivables	19,527,244	23,630,488	29,913,468
Other receivables	49,663	20,944	–
Prepayments	–	2,083,220	1,956,180
Deposits	300,410	300,410	300,410
	19,877,317	26,035,062	32,170,058
	19,877,317	26,185,062	32,170,058

During the Track Record Period, our Group discounted part of its trade receivables with full recourse to a financial institution. In the event of default by the debtors, our Group is obligated to pay the financial institution the amount in default. Interest is charged at approximately 6.35% per annum on the proceeds received from the financial institution until the date on which the debtors pay. Our Group is therefore exposed to the risks of credit losses and late payment in respect of the discounted debts.

The discounted transactions do not meet the requirements in HKAS 39 for de-recognition of financial assets as our Group retains substantially all of the risks and rewards of ownership of the discounted trade debts. At 30 September 2012, trade receivables of approximately HK\$2,500,000 continue to be recognised in our Group's financial statements even though they have been legally transferred to the financial institution. The proceeds of the discounting transactions are included in borrowings as asset-backed financing until the trade receivables are collected or our Group settles any losses suffered by the financial institution. Accordingly, there was no asset-backed financing liability as at 31 March 2011 and 31 March 2012.

Because the trade receivables have been transferred to the financial institution legally, our Group did not have the authority to determine the disposition of the trade receivables.

Our Group normally grants a credit period ranging from 30 days to 60 days to its major clients.

Our Group did not hold any collateral or other credit enhancements over the trade receivables.

FINANCIAL INFORMATION

Some of the trade receivables that were not impaired are past due as at the reporting date. Ageing analysis of trade receivables not impaired is as follows:

	As at 31 March		As at
	2011	2012	30 September
	HK\$	HK\$	2012 HK\$
Neither past due nor impaired	14,701,262	16,567,605	26,840,290
1-90 days past due	4,666,648	7,062,883	2,842,575
91-180 days past due	12,000	–	230,603
181-365 days past due	30,000	–	–
More than 1 year past due	117,334	–	–
	4,825,982	7,062,883	3,073,178
	19,527,244	23,630,488	29,913,468

Trade receivables that were neither past due nor impaired and that were past due but not impaired related to a number of clients that had a good credit history with our Group. Based on past credit history, our Directors believe that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. Our Group did not hold any collateral in respect of trade receivables past due but not impaired.

The growth rate of trade receivables from 31 March 2012 to 30 September 2012 was higher than the revenue growth rate in the six months ended 30 September 2012 which was mainly attributable to (i) the increase in sales of our executive/staff search services to Client A from approximately HK\$0.1 million in February and March 2012 to HK\$0.5 million in August and September 2012 and Client A normally settles its outstanding balances within 60 days unlike other clients who settle their outstanding balances within 30 days; (ii) the increase in sales from our new executive/staff search team which was set up in July 2012 with a primary focus on commerce and retail; and (iii) the increase in sales of our staff outsourcing services to Client A in February and March 2012 increased from approximately HK\$19.6 million to approximately HK\$24.8 million in August and September 2012, representing an increase of approximately 26.5%. As at 31 March 2012 and 30 September 2012, the number of outsourcing staff was 597 and 640 respectively. The increase in number of our outsourcing staff was in line with the revenue generated from our staff outsourcing service.

Up to 31 January 2013, approximately HK\$29.6 million of our Group's trade receivables as at 30 September 2012, representing approximately 99.8% of the outstanding balance, were settled by our Group's clients. Since our Group has not recognised any bad debt from the Top Clients, the Sponsor concurred with the Directors' view that the increasing trade receivables would not affect our Group's cash flow.

FINANCIAL INFORMATION

The movement in the impairment allowance of trade receivables is as follows:

	2011	2012	For the six months ended 30 September 2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Balance at beginning of year/period	–	–	–
Impairment loss recognised	–	43,404	–
Amount written off	–	(43,404)	–
	<hr/>	<hr/>	<hr/>
Balance at end of year/period	<u>–</u>	<u>–</u>	<u>–</u>

At each reporting date, our Group would review the overdue receivables for evidence of impairment on both individual and collective basis. During the year ended 31 March 2012, our Group had made an impairment allowance amounting to HK\$43,404 and has been then written off against trade receivables. None of the trade receivables as at 31 March 2011, 31 March 2012 and 30 September 2012 have been identified by our Group as having an impairment issue.

Our Directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

Our Group has put in place internal control procedures for managing the credit risk, such procedures include, but is not limited to, evaluating the length of credit terms based on price, size of the contract, credibility and reputation of the customers on a yearly basis. Our Group's management is responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Our Group carries out regular reviews on the credit limits and terms of our customers based on the past payment history, business scale, service nature, goodwill of the customer and other factors to determine if any adjustment is needed. Our Group maintains a comprehensive evaluation procedure, including the reviewing of clients' payment pattern and default history by our accounts and payroll department. In this regard, our Directors consider the credit risk to be significantly reduced with the internal control procedures being in place and implemented.

Up to the Latest Practicable Date, approximately HK\$29.9 million out of the trade receivables as at 30 September 2012, representing approximately 99.8% of the total balance, had been settled.

FINANCIAL INFORMATION

The prepayments as at 31 March 2012 mainly comprised progress payments of approximately HK\$1,866,000 made to the professional parties for purpose of the Listing exercise and medical and office insurance of approximately HK\$217,000 prepaid by our Group. The increase in prepayments is mainly attributable to the progress payments made to professional parties for the Listing exercise as at 31 March 2012 while there were no such prepayments made as at 31 March 2011. As at 30 September 2012, the prepayments mainly comprised progress payments of approximately HK\$1,765,000 made to the professional parties for the purpose of the Listing exercise and medical and office insurance of approximately HK\$192,000 prepaid by the Group.

Our Company appointed the Sponsor, our Hong Kong legal advisers, our PRC legal advisers, the Sponsor's legal advisers and the reporting accountants in December 2011. Our Cayman Islands legal advisers and property valuer were appointed in February 2012 and April 2012 respectively. Although the Listing exercise was commenced in the end of the Track Record Period, only minimal work was performed by other professional parties (other than the Sponsor) during the Track Record Period. Therefore, the progress billings for Listing expenses were capitalised as at 31 March 2012 and are expected to be charged to profit or loss for the financial year ending 31 March 2013 within which the Listing is expected to be completed and hence, professional services are completely rendered.

Regarding the services provided by the Sponsor during the period from January to March 2012, the portion of the related fees, estimated on a time apportionment basis (in the absence of any other basis which better reflects the value of services provided) is about HK\$219,000. Our Group has engaged Ipsos to undertake a market survey on 1 February 2012. The portion of the related fees, estimated on a time apportionment basis (in the absence of any other basis which better reflects the value of services provided) is about HK\$70,000. The Sponsor and the reporting accountants of our Company concurred with our Directors' view that such amounts are considered as immaterial to the results of our Group for the year ended 31 March 2012 and therefore, are not expensed in the year ended 31 March 2012.

FINANCIAL INFORMATION

AMOUNTS DUE FROM DIRECTORS AND A RELATED COMPANY

The following table sets forth the amounts due from our Directors and a related company during the Track Record Period:

Amounts due from Directors

	Maximum amount outstanding during the year/period <i>HK\$</i>	Opening outstanding balance <i>HK\$</i>	Closing outstanding balance <i>HK\$</i>
Year ended 31 March 2011			
Mr. Chang	2,352,253	891,128	597,911
Mr. Kung	1,543,569	<u>82,444</u>	<u>597,911</u>
		<u>973,572</u>	<u>1,195,822</u>
Year ended 31 March 2012			
Mr. Chang	8,197,911	597,911	2,097,911
Mr. Kung	897,911	<u>597,911</u>	<u>897,911</u>
		<u>1,195,822</u>	<u>2,995,822</u>
Six months ended 30 September 2012			
Mr. Chang	2,592,911	2,097,911	2,592,911
Mr. Kung	1,523,052	<u>897,911</u>	<u>1,523,052</u>
		<u>2,995,822</u>	<u>4,115,963</u>

The amounts are unsecured, interest free and repayable on demand. Our Directors consider that the carrying amounts of the balances approximate to their fair values. Our Directors have confirmed that, save for 25% of the total amount of the expenses relating to the Placing, which will be borne by our Directors and will be settled through the deduction by our Company of the gross proceeds receivable by it (on behalf of the Vendor) from the Underwriters in respect of the sale of certain Shares by the Vendor under the Placing to the same extent, the amounts due from Directors would be settled prior to the Listing.

FINANCIAL INFORMATION

Details of the amount due from a related company during the Track Record Period are as follows:

	Maximum amount outstanding during the year/period <i>HK\$</i>	Opening outstanding balance <i>HK\$</i>	Closing outstanding balance <i>HK\$</i>
Year ended 31 March 2011			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited)	8,655	<u>7,500</u>	<u>8,655</u>
Year ended 31 March 2012			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited)	11,810	<u>8,655</u>	<u>11,810</u>
Six months ended 30 September 2012			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited)	14,810	<u>11,810</u>	<u>14,810</u>

Mr. Chang and Mr. Kung, the executive Directors, have equity interests in Zebra Corporate Services Limited (“Zebra CS”). The above balance was unsecured, interest free and repayable on demand. Our Directors consider that the carrying amount of the balance approximates to its fair value. The amount due from Zebra CS related to the set up cost of Zebra CS. Zebra CS has not commenced any business in Hong Kong since its incorporation on 23 June 2009 and IRD had issued a no objection letter for the deregistration of Zebra CS on 28 March 2012. The amount due from a related company will be settled prior to the Listing.

PLEGGED BANK DEPOSITS AND CASH AT BANKS

Pledged bank deposits represent our Group’s bank deposits pledged to secure for its banking facilities. Cash at banks earn interest at floating rates based on daily bank deposit rates.

FINANCIAL INFORMATION

BANK BORROWINGS

The following table sets forth our bank borrowings as at the reporting dates indicated:

	As at 31 March		As at 30 September
	2011	2012	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Current			
Bank loans (<i>Notes (a and b)</i>)	4,495,826	4,099,682	5,895,599
Analysed into:			
Bank loans repayable:			
<i>(Note (c))</i>			
Within one year	3,396,144	3,412,283	5,420,598
In the second year	412,283	429,080	475,001
In the third to fifth years	687,399	258,319	–
	4,495,826	4,099,682	5,895,599

Notes:

- (a) The interest-bearing bank borrowings are carried at amortised cost. The current bank borrowings include a bank loan that is not scheduled for repayment within one year. It is classified as current liability as the loan agreement gives the lender an unconditional right to demand repayment at any time at its own discretion. None of the bank borrowings due for repayment after one year, which contains a repayment on demand clause and classified as a current liability, is expected to be settled within one year.
- (b) As at 30 September 2012, there are asset-backed financing, amounting to HK\$2,000,000, included in bank loans. The asset-backed financing represents the amount of financing obtained in factoring transactions which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in trade receivables (note 14).
- (c) The amounts due are presented according to the scheduled repayment dates pursuant to the loan agreements not taking into account the effect of any repayment on demand clause.
- (d) Other relevant information about the borrowings was:

As at 31 March 2011 and 2012 and 30 September 2012, one of the secured bank borrowings represents an instalment loan with a principal amount of HK\$2,000,000 that bears interest at the rate of 1.25% per annum below the bank's HK\$ prime rate and is repayable in 59 monthly instalments.

As at 31 March 2011 and 2012 and 30 September 2012, another secured bank borrowing represents a revolving loan with a principal amount of HK\$3,000,000 that bears interest at the rate of 0.5% per annum over the higher of (i) the bank's prime rate and (ii) the bank's cost of fund.

As at 30 September 2012, bill payables in the amount of HK\$2,000,000 carry interest at the higher of (i) 0.5% per annum over the bank's HK\$ prime rate and (ii) 1% per annum over Hong Kong Inter-Bank Offered Rate.

Details of banking facilities are set out in subsection headed "Indebtedness" above.

Our Directors consider that the carrying amounts of our Group's borrowings approximate to their fair values at each of the reporting dates.

FINANCIAL INFORMATION

ACCRUED EXPENSES AND OTHER PAYABLES

The following table sets forth our accrued expenses and other payables as at the reporting dates indicated:

	As at 31 March		As at 30 September
	2011	2012	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Accrued expenses and other payables	15,160,095	14,538,958	19,083,193
Deferred revenue	–	588,900	362,050
Receipts in advance	32,000	117,334	172,774
	<u>15,192,095</u>	<u>15,245,192</u>	<u>19,618,017</u>

Our Directors consider that the carrying amounts of accrued expenses and other payables approximate to their fair values. The accrued expenses and other payables are mainly attributable to the salaries paid to the employees of our Group including those seconded to our Group's clients under the staff outsourcing services. The deferred revenue refers to the maintenance and support service provided under the sale of our Group's eHRIS software. As at the Latest Practicable Date, approximately HK\$18.8 million, representing 98.4% of the total balance of accrued expenses and other payables, has been settled.

KEY FINANCIAL RATIOS OF OUR GROUP

The following table sets forth our key financial ratios for each of the Track Record Period indicated:

	Year ended 31 March		Six months ended 30 September
	2011	2012	2012
Net profit margin	4.83%	5.86%	3.13%
Return on equity	92.5%	77.3%	34.6%
Return on total assets	27.3%	29.6%	14.2%
Asset turnover	5.64	5.04	4.54
Current ratio	1.47	1.75	1.63
Debtors' turnover days	39.7	47.7	54.4
Gearing ratio	45.5%	27.6%	39.6%
Net debt to equity ratio	-50.9%	-5.6%	0.2%
Interest coverage	34.4	32.9	23.9

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Net profit margin is calculated by dividing the profit for the year/period by the revenue of the respective year/period. Our net profit margin increased from approximately 4.83% for the year ended 31 March 2011 to approximately 5.86% for the year ended 31 March 2012. The increase in our net profit margin for the year ended 31 March 2012 was mainly attributable to the increase in contribution from other human resources support services which have a higher net profit margin while the direct costs increased by a lesser extent in comparison. Our net profit margin decreased to approximately 3.13% for the six months ended 30 September 2012 was mainly attributable to the Listing expenses of approximately HK\$2.3 million incurred during the period.

Return on equity is calculated by dividing profit/annualised profit after tax for the year/period by the average of the opening and closing balances of the total Shareholders' equity as at the end of the respective year/period and showed a decrease from approximately 92.5% for the year ended 31 March 2011 to approximately 77.3% for the year ended 31 March 2012. The decrease was primarily due to the higher average total Shareholders' equity of our Group of approximately HK\$12.5 million for the year ended 31 March 2012 as compared to the average total Shareholders' equity of approximately HK\$7.9 million for the year ended 31 March 2011. The average total Shareholders' equity of our Group for the year ended 31 March 2012 was higher than that of the previous year was, among other things, due to the increase in average balances of accumulated profits during the year. Our return on equity further decreased to approximately 34.6% for the six months ended 30 September 2012 was mainly attributable to the decrease in net profit due to the Listing expenses incurred in the six months ended 30 September 2012 and the increase in average balance of the equity attributable to our Company's owners as increase in average balances of accumulated profits during the period.

Return on total assets is calculated by dividing the profit/annualised profit after tax for the year/period by the average of the opening and closing balances of the total assets at the end of the respective year/period and showed an increase from approximately 27.3% for the year ended 31 March 2011 to approximately 29.6% for the year ended 31 March 2012. Such increase was mainly due to an increase in the net profit after tax from approximately HK\$7.3 million for the year ended 31 March 2011 to approximately HK\$9.7 million for the year ended 31 March 2012 while the average total assets of our Group for the two years ended 31 March 2012 had remained relatively stable. Our return on total assets decreased to approximately 14.2% for the six months ended 30 September 2012 was mainly attributable to the decrease in the net profit after tax due to the listing expenses incurred in the six months ended 30 September 2012 and the increase in average total assets. The increase in average total assets was mainly due to an increase in trade receivables as our major client normally settles the outstanding balances within 60 days unlike other clients who settle their outstanding balances within 30 days. The increase in trade receivables is also in line with the increase in sales to the major client.

Asset turnover ratio is calculated by dividing the revenue for the year/period by the average of the opening and closing balances of the total assets at the end of the respective period. The asset turnover ratio decreased from approximately 5.64 for the year ended 31 March 2011 to approximately 5.04 for the year ended 31 March 2012 and further decreased to approximately 4.54 for the six months ended 30 September 2012. The decrease in our asset turnover for the year ended 31 March 2012 was mainly attributable to the increase in average total assets of our Group in the year ended 31 March 2012.

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Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective year/period. The current ratio increased from approximately 1.47 as at 31 March 2011 to approximately 1.75 as at 31 March 2012. The increase in current ratio is mainly attributable to the increase in trade and other receivables from approximately HK\$20.0 million as at 31 March 2011 to approximately HK\$26.1 million as at 31 March 2012 and the decrease in total borrowings from approximately HK\$4.6 million as at 31 March 2011 to approximately HK\$4.1 million as at 31 March 2012. As at 30 September 2012, the current ratio of our Group further decreased to approximately 1.63, such decrease was a result of increase in current assets mainly due to increase in trade and other receivables offset by more proportional increase in current liabilities mainly due to increase in accrued expenses and other payables.

Debtors' turnover days represents the average of the opening and closing balances of the trade receivables divided by revenue of the respective year/period and multiplied by 365 days/183 days. The debtors' turnover days remained relatively stable at approximately 39.7 days, 47.7 days and 54.4 days for each of the two years ended 31 March 2012 and the six months ended 30 September 2012. The increase in debtors' turnover days during the Track Record Period was mainly attributable to the increase in sales to a major client, from HK\$75 million for the year ended 31 March 2011 to HK\$107 million for the year ended 31 March 2012 and from approximately HK\$50.0 million for the six months ended 30 September 2011 to approximately HK\$60.3 million for the six months ended 30 September 2012. As the major client normally settles the outstanding balances within 60 days unlike other clients who settle their outstanding balances within 30 days, the turnover days were increased during the Track Record Period.

The gearing ratio is calculated by dividing the total borrowings by total Shareholders' equity as at the end of the respective year/period. The gearing ratio decreased from approximately 45.5% as at 31 March 2011 to approximately 27.6% as at 31 March 2012. The decrease in gearing ratio was mainly due to the decrease in the total borrowing of our Group from approximately HK\$4.6 million as at 31 March 2011 to approximately HK\$4.1 million as at 31 March 2012 and the increase in the total Shareholders' equity base as a result of an increase in accumulated profits during the period. As at 30 September 2012, the gearing ratio further increased to approximately 39.6%, such increase was mainly attributable to an increase in total borrowings by approximately HK\$3.0 million for the six months ended 30 September 2012. The increase in total borrowings was due to the fact that the Group had utilised the bank borrowings for salaries payment to our outsourcing staff in advance and the Group has entered into a finance lease for a motor vehicle during the six months ended 30 September 2012.

The net debt to equity ratio is based on the net borrowings divided by the total Shareholders' equity of our Group as at the end of the respective year/period. The net debt to equity ratio increased from approximately -50.9% as at 31 March 2011 to approximately -5.6% as at 31 March 2012. The increase in the net debt to equity ratio was attributable to the decrease in the cash and cash equivalents due to the payment of dividends and the increase in total Shareholders' equity of our Group from approximately HK\$10.2 million as at 31 March 2011 to approximately HK\$14.9 million as at 31 March 2012. As at 30 September 2012, the net debt to equity ratio increased to approximately 0.2% was mainly attributable to an increase in total borrowings to approximately HK\$7.0 million in the six months ended 30 September 2012.

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The interest coverage is calculated by dividing profit before interest and tax by interest of the respective year/period. Our Group's interest coverage remained relatively stable at approximately 34.4 for the year ended 31 March 2011 and approximately 32.9 for the year ended 31 March 2012. Our Group borrowed a loan of approximately HK\$3.0 million from a bank since November 2010. As a result, our Group only incurred interest expenses on the loan for five months in the year ended 31 March 2011 while our Group incurred interest expenses on the loan for the full year in the year ended 31 March 2012. The drop in interest coverage for the six months ended 30 September 2012 was mainly because of the decrease in operating profit due to the Listing expenses incurred in the period.

WORKING CAPITAL

Our Directors believe that after taking into account the financial resources available to us, including our available credit facilities and internally generated funds, and the estimated net proceeds of the issue of the New Shares, we have sufficient working capital to satisfy our present working capital requirements for at least the next 12 months from the date of this prospectus.

CONTINGENT LIABILITIES

As at 30 September 2012, we did not have any material contingent liabilities, guarantees or any litigation or claims of material importance pending or threatened against any member of our Group.

Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since 30 September 2012.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 24 February 2012. Our Company had no reserves available for distribution to Shareholders as at 30 September 2012.

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DIVIDENDS

No dividend has been paid or declared by our Company since its incorporation. During the Track Record Period, Zebra SOS had declared and paid dividends to its then shareholders, which are summarised as follows:

Dividends attributable to the year/period	For the year ended 31 March		For the six months ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Interim dividend paid	1,000,000	–	–	–
Proposed final dividend	5,000,000	–	–	–
	<u>6,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation of retained earnings for the year/period ended.

Dividends attributable to the previous financial year, approved and paid during the Track Record Period are set out below:

Final dividends in respect of 2010 and 2011, approved and to be paid in the following year	For the year ended 31 March		For the six months ended 30 September	
	2011	2012	2011	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	1,700,000	5,000,000	–	–
	<u>1,700,000</u>	<u>5,000,000</u>	<u>–</u>	<u>–</u>

On 20 March 2013, dividend of HK\$3.0 million was paid by Orient Apex to Z Strategic, which was settled by internal resources of our Group. Dividend declared was fully paid prior to the Latest Practicable Date and our Group financed the payment of these dividend by internal resources.

FINANCIAL INFORMATION

The investors of the Placing Shares will not be entitled to the aforementioned dividends. The historical dividend payments may not be indicative of future dividend trends. With the increased capital available to our Group following the issue of the Placing Shares, our Directors, however, intend to strike an appropriate balance between maintaining sufficient capital to further develop our Group's business and rewarding its Shareholders. The declaration and payment of future dividends will be subject to the decision of our Board having regard, amongst other things, to our Group's earnings, prospects, investment opportunities and cash requirements vis-a-vis the then economic situations. Our Group does not have any predetermined dividend payout ratio.

PROPERTY INTERESTS

Asset Appraisal Limited, an independent property valuer, has valued our property interest as at 31 December 2012 and is of the opinion that the value of our property interests is of no commercial value. The full text of the letter, summary of values and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets of our Group have been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Placing as if it had taken place on 30 September 2012. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial position of our Group after the Listing or at any future dates.

FINANCIAL INFORMATION

The unaudited pro forma adjusted consolidated net tangible assets of our Group as at 30 September 2012 is based on the audited consolidated net tangible assets of our Group attributable to the owners of our Company as at 30 September 2012 as shown in the accountants' report set out in Appendix I to this prospectus and the adjustments described below.

Based on the Placing Price of HK\$0.41 per Placing Share	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 September 2012 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds of the Placing <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>HK\$</i> <i>(Note 3)</i>
	<u>17,700</u>	<u>21,343</u>	<u>39,043</u>	<u>0.098</u>

Notes:

- (1) The audited consolidated net tangible assets of our Group attributable to the owners of our Company as at 30 September 2012 is extracted from the accountants' report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds of the Placing are based on 75,000,000 New Shares and the Placing Price of HK\$0.41 per Share, after the deduction of the underwriting commission and other related expenses payable by our Company. No account has been taken of any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus or otherwise.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Placing and the Capitalisation Issue. It does not take into account any Shares which may be allotted and issued pursuant to the general mandate for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus or otherwise.
- (4) The unaudited pro forma adjusted consolidated net tangible assets and the unaudited pro forma adjusted consolidated net tangible assets per Share have not taken into account the dividend declared to eligible Shareholders amounting to HK\$3,000,000, which was settled on 20 March 2013. The unaudited pro forma net tangible assets per Share would have been reduced to HK\$0.090 per Share, based on the Placing Price of HK\$0.41 per Placing Share, after taking into account the payment of the dividend in the sum of HK\$3,000,000.
- (5) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2012 in the computation of the unaudited pro forma adjusted consolidated net tangible assets.

FINANCIAL INFORMATION

FINANCIAL RISKS

Our Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. Our Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance. Risk management is carried out by key management under the policies approved by our Directors. Our Group does not have written risk management policies. However, our Directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks in a timely and effective manner. The risks associated with these financial instruments and the policies applied by our Group to mitigate these risks are set out below.

Categories of financial assets and liabilities

The carrying amounts of our Group's financial assets and liabilities recognised in the consolidated statements of financial position at the reporting dates indicated may also be categorised as follows (see paragraphs headed "Financial assets" and "Financial liabilities" under the subsection headed "Critical accounting policies, estimates and judgements" above for explanations on how the category of financial instruments affects their subsequent measurement):

	As at 31 March		As at 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Financial assets			
Loans and receivables:			
Trade receivables	19,527,244	23,630,488	29,913,468
Deposits and other receivables	350,073	321,354	300,410
Amounts due from directors	1,195,822	2,995,822	4,115,963
Amount due from a related company	8,655	11,810	14,810
Pledged bank deposits	500,000	500,000	500,000
Cash at banks	9,331,610	4,426,297	6,472,094
	<u>30,913,404</u>	<u>31,885,771</u>	<u>41,316,745</u>

FINANCIAL INFORMATION

	As at 31 March 2011 HK\$	2012 HK\$	As at 30 September 2012 HK\$
Financial liabilities			
Non-current			
Financial liabilities at amortised cost:			
Obligation under a finance lease	–	–	847,172
Current			
Financial liabilities at amortised cost:			
Accrued expenses and other payables	15,160,095	14,538,958	19,083,193
Bank borrowings	4,495,826	4,099,682	5,895,599
Obligation under a finance lease	145,797	–	261,210
	19,801,718	18,638,640	25,240,002
	19,801,718	18,638,640	26,087,174

Foreign currency risk

Our Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal as most of the transactions are denominated in HK dollars.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group's exposure to interest rate risk relates principally to its cash at banks and interest-bearing bank borrowings. Our Group's policy is to minimise interest rate risk exposure. To achieve this, our Group regularly assesses and monitors its needs for cash with reference to its business plans and day-to-day operations. The cash at banks and interest-bearing bank borrowings bear floating interest rates and are denominated in HK\$. The interest rates and/or terms of repayment of cash at banks and bank borrowings of our Group are disclosed in subsection headed "Cash and bank balances" and "Bank borrowings" above. Our Group currently does not have an interest rate hedging policy. Interest rate risk arising from cash and cash equivalents is disclosed in the sub-section headed "Cash and bank balances" above.

FINANCIAL INFORMATION

The following table illustrates the sensitivity of our Group's profit for the years ended 31 March 2011 and 2012 and the six months ended 30 September 2012, and other components of equity at those dates due to a possible change with the same magnitude in interest rates on its floating rate, cash at banks and bank borrowings with all other variables held constant at each reporting date:

	For the year ended		For the six
Increase/(Decrease) in profit	31 March		months ended
for the year/period	2011	2012	30 September
and retained profits	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Increase/Decrease in basis			
points ("bp")			
+50 bp	30,000	8,000	5,000
-50 bp	(30,000)	(8,000)	(5,000)
	<u> </u>	<u> </u>	<u> </u>

The above sensitivity analysis is prepared based on the assumption that the cash at banks and bank borrowings as at reporting dates indicated existed throughout the whole respective financial year/period.

The assumed changes in interest rates are considered to be reasonably possible based on the observation of current market conditions and represent the management's assessment of a reasonably possible change in interest rates over the next twelve-month period.

Credit risk

Our Group's financial assets are summarised in the paragraph headed "Categories of financial assets and liabilities" above.

As at 31 March 2011, 31 March 2012 and 30 September 2012, approximately 84%, 83% and 80% respectively, of our Group's trade receivables were due from our Top Clients, the sales to each of whom accounted for more than 10% of our Group's revenue during each of the Track Record Period. Our Group has been actively seeking new customers to reduce the risk of over-reliance on these clients.

Our Group continuously evaluates the credit risk of its clients to ensure appropriateness of the amount of credit granted. Credit terms are extended to clients based on the evaluation of individual client's financial conditions. In addition, our Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by our Group during the Track Record Period and are considered by our Directors to have been effective in limiting our Group's exposure to credit risk to a desirable level.

FINANCIAL INFORMATION

Our Company's bank balances are all deposited with licensed banks in Hong Kong.

Liquidity risk

Liquidity risk relates to the risk that our Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our Group is exposed to liquidity risk in respect of settlement of accrued expenses, other payables and its financing obligations, and also in respect of its cash flow management. Our Group's objective is to maintain an appropriate level of liquid assets and committed lines of credit to meet its liquidity requirements in the short and longer term. The liquidity policies have been followed by our Group during the Track Record Period and are considered by our Directors to have been effective in managing liquidity risks.

Analysed below is our Group's remaining contractual maturities for its financial liabilities as at 31 March 2011, 31 March 2012 and 30 September 2012. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on which our Group would be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which our Group is committed to pay. Specifically, for bank borrowings which contain a repayment on demand clause which may be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which our Group is required to pay, that is, if the banks were to invoke their rights to call the loans with immediate effect.

	As at 31 March 2011				Total undiscounted amount HK\$	Carrying amount HK\$
	Within 3 months or on demand HK\$	More than 3 months but less than 1 year HK\$	More than 1 year but less than 5 years HK\$			
Accrued expenses and other payables	15,160,095	–	–	15,160,095	15,160,095	
Bank borrowings	4,495,826	–	–	4,495,826	4,495,826	
Obligation under a finance lease	49,317	115,073	–	164,390	145,797	
	<u>19,705,238</u>	<u>115,073</u>	<u>–</u>	<u>19,820,311</u>	<u>19,801,718</u>	

FINANCIAL INFORMATION

	As at 31 March 2012				
	Within 3 months or on demand <i>HK\$</i>	More than 3 months but less than 1 year <i>HK\$</i>	More than 1 year but less than 5 years <i>HK\$</i>	Total undiscounted amount <i>HK\$</i>	Carrying amount <i>HK\$</i>
Accrued expenses and other payables	14,538,958	–	–	14,538,958	14,538,958
Bank borrowings	4,099,682	–	–	4,099,682	4,099,682
	<u>18,638,640</u>	<u>–</u>	<u>–</u>	<u>18,638,640</u>	<u>18,638,640</u>

	As at 30 September 2012				
	Within 3 months or on demand <i>HK\$</i>	More than 3 months but less than 1 year <i>HK\$</i>	More than 1 year but less than 5 years <i>HK\$</i>	Total undiscounted amount <i>HK\$</i>	Carrying amount <i>HK\$</i>
Accrued expenses and other payables	19,083,193	–	–	19,083,193	19,083,193
Bank borrowings	5,895,599	–	–	5,895,599	5,895,599
Obligation under a finance lease	81,939	245,817	928,642	1,256,398	1,108,382
	<u>25,060,731</u>	<u>245,817</u>	<u>928,642</u>	<u>26,235,190</u>	<u>26,087,174</u>

FINANCIAL INFORMATION

The table below summarises the maturity analysis of the bank borrowings with repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed according to the rates pursuant to the loan agreements. As a result, these amounts are greater than the amounts disclosed in the “on demand” time band in the above maturity analysis. Taking into account our Group’s financial position, our Directors do not consider it probable that the banks will exercise their right to demand immediate repayment. Our Directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates as set out in the respective loan agreements.

	Within 3 months or on demand HK\$	More than 3 months but less than 1 year HK\$	More than 1 year but less than 5 years HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
Bank borrowings subject to repayment on demand clause based on scheduled repayments:					
As at 31 March 2011	3,136,294	336,575	1,159,307	4,632,176	4,495,826
As at 31 March 2012	<u>3,124,007</u>	<u>336,575</u>	<u>710,541</u>	<u>4,171,123</u>	<u>4,099,682</u>
As at 30 September 2012	<u>5,122,589</u>	<u>336,575</u>	<u>486,158</u>	<u>5,945,322</u>	<u>5,895,599</u>

MATERIAL ADVERSE CHANGE SUBSEQUENT TO 30 SEPTEMBER 2012

Save for (i) the dividend of HK\$3 million declared on 19 March 2013 and paid on 20 March 2013; (ii) the estimated Listing expenses of approximately HK\$2.3 million for the six months ending 31 March 2013; and (iii) an increase in general and administrative expenses in the six months ending 31 March 2013, our Directors have confirmed that since 30 September 2012 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the Latest Practicable Date, there had been no material adverse change in the financial or trading position or prospects of our Group.

UNDERWRITING

UNDERWRITERS

Joint Bookrunners

United Simsen Securities Limited
Astrum Capital Management Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company is offering the New Shares for subscription and the Vendor is offering the Sale Shares for sale by way of Placing, on and subject to the terms and conditions in the Underwriting Agreement and this prospectus at the Placing Price.

Subject to, among other conditions, the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Underwriting Agreement being satisfied or waived on or before the 30th day after the date of this prospectus (or such later date as our Company and the Joint Bookrunners (on behalf of the Underwriters) may agree), the Underwriters have severally agreed to subscribe for and/or purchase or procure subscribers and/or purchasers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing.

Grounds for termination

The Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor) shall have the right upon giving a written notice to our Company to terminate the Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on 10 April 2013):

- (A) if it has come to the notice of the Joint Bookrunners and/or the Sponsor:
- (i) any matter or event showing any of the warranties to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the warranties or any other provision of the Underwriting Agreement which is considered, in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor), to be material in the context of the Placing; or
 - (ii) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor) in the context of the Placing; or

UNDERWRITING

- (iii) any statement contained in this prospectus, any submissions, documents or information provided to the Sponsor and/or the Joint Bookrunners or any notices or announcements relating to the Placing (including any supplement or amendment thereto), considered by the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor) in their absolute opinion was, when it was issued, or has become, or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect or any expressions of opinion, intention or expectation contained in any such documents are not, in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor), in all material respects fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, the Vendor, the executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Underwriting Agreement; or
 - (v) any breach by any party to the Underwriting Agreement other than the Sponsor and the Underwriters of any provision of the Underwriting Agreement which is considered in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor), to be material; or
 - (vi) any adverse change or a prospective adverse change in the business, results of operation, financial or trading position, or prospects of our Group as a whole the effect of which is, in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor), so material and adverse as to make it impracticable or inadvisable to proceed with the Placing; or
- (B) if there develops, occurs, exists or comes into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the BVI, the PRC or any relevant jurisdiction; or
 - (ii) any adverse change (whether or not permanent) in local, national or international stock market conditions; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on GEM due to exceptional financial circumstances or otherwise; or

UNDERWRITING

- (iv) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the BVI, the PRC or elsewhere; or
- (v) any change in the business or in the financial or trading position of our Group or otherwise; or
- (vi) any change or development (whether or not permanent), or any event or series of events resulting in any change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, the Cayman Islands, the BVI, the PRC or elsewhere; or
- (vii) a general moratorium on commercial banking business activities in Hong Kong, the Cayman Islands, the BVI, the PRC or elsewhere declared by the relevant authorities; or
- (viii) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out; or
- (ix) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (x) a demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

which, individually or in the aggregate, in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor):

- (a) is or will or is likely to be materially adverse to the business, financial condition or prospects of our Company and/or our Group taken as a whole; or
- (b) has or will have or is likely to might have a material adverse effect on the success of the Placing; or
- (c) makes or will make or is likely to make it inappropriate, inadvisable or inexpedient to proceed with the Placing.

UNDERWRITING

Undertakings

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to and covenanted with our Company, the Joint Bookrunners and the Underwriters that he/it shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

- (a) save as provided in Rule 13.18 of the GEM Listing Rules, in the period commencing on the date by reference to which disclosure of the shareholding of each of our Controlling Shareholders is made in this prospectus and ending on the date which is 6 months from the Listing Date (the “First 6-Month Period”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner (the “Relevant Securities”) and
- (b) save as provided in Rule 13.18 of the GEM Listing Rules, in the period of 6 months commencing on the date immediately following the date on which the First 6-Month Period expires (the “Second 6-Month Period”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be a Controlling Shareholder.

Pursuant to Rules 13.18 and 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has also undertaken to and covenanted with our Company, the Sponsor, the Joint Bookrunners, the Underwriters and the Stock Exchange that it or he shall comply with the following requirements:

- (a) in the event that it or he pledges or charges any direct or indirect interest in the Relevant Securities in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First 6-Month Period, it or he shall inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in the Relevant Securities under paragraph (a) above, it or he shall inform our Company immediately in the event that it or he becomes aware that the pledge or chargee has disposed of or intends to dispose of such interest and of the number of Relevant Securities affected.

Each of our Controlling Shareholders undertakes to and covenants with the Sponsor, the Joint Bookrunners and the Underwriters not to and shall procure that none of its or his associates or the companies controlled by it or him will, within the period of 12 months from

UNDERWRITING

the Listing Date, pledge, charge, encumber or create any third-party rights in respect of any of the Relevant Securities owned or held by any of them or the relevant company (whether directly or indirectly) save with the prior written consent of the Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters).

Each of our Controlling Shareholders undertakes to and covenants with our Company, the Sponsor, the Joint Bookrunners and the Underwriters that in the event that consent is granted by the Sponsor and the Joint Bookrunners pursuant to the paragraph above to pledge, charge, encumber or create any third-party rights in respect of any of the Shares owned or held by any of them or the relevant company (whether directly or indirectly), it or he shall:

- (a) immediately inform our Company, the Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) and the Stock Exchange details of such arrangement in writing prior to entering into such arrangement; and
- (b) immediately inform our Company, the Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) and the Stock Exchange when it or he receives indications, either verbal or written, from the relevant pledgee or chargee that it shall enforce right in respect of any of the pledged or charged Relevant Securities.

Our Company undertakes and covenants with the Sponsor and the Joint Bookrunners and the Underwriters that our Company shall forthwith inform the Sponsor, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and the Stock Exchange in writing immediately after it has been informed of the matters referred to in paragraphs (a) and (b) above and our Company shall, if so required by the Stock Exchange or the GEM Listing Rules, publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules and shall comply with all requirements of the Stock Exchange.

Commission and expenses

The Underwriters will receive a commission of 2.5% on the aggregate Placing Price of all the Placing Shares now being offered, out of which they will, as the case may be, pay any sub-underwriting commissions and selling concession. The Sponsor will, in addition, receive a documentation fee. The Underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Placing are estimated to approximately HK\$12.5 million (the "Listing Expenses") which will be borne by our Company and the Vendor in the proportion of 75% and 25% respectively. The Vendor shall be solely responsible for its proportion of any fixed transfer duty, seller's ad valorem stamp duty (if any) in respect of the sale and transfer of the Sale Shares, the Stock Exchange trading fee and SFC transaction levy in respect of the Sale Shares, where applicable.

UNDERWRITING

Underwriters' interests in our Company

Astrum, which is one of the Joint Bookrunners and an Underwriter, is owned as to approximately 81.76% indirectly by Mr. Pan, our non-executive Director and a substantial shareholder of our Company. Save for (i) Mr. Pan's shareholding interest in Astrum and our Company as disclosed herein; and (ii) securities trading and dealing business of the Underwriters, which may involve trading and dealing in the securities of our Company, and as contemplated pursuant to the Underwriting Agreement, none of the Underwriters has any shareholding interest in our Company or any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Compliance adviser's agreement

Under a compliance adviser's agreement dated 27 March 2013 and made between Messis Capital and our Company (the "Compliance Adviser's Agreement"), our Company appoints Messis Capital and Messis Capital agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, i.e. 31 March 2016, or until the agreement is terminated, whichever is earlier.

Sponsor's interest in our Company

Save for the advisory and documentation fees to be paid to Messis Capital as the Sponsor to the Placing, its obligations under the Underwriting Agreement and the Compliance Adviser's Agreement and any interests in securities that may be subscribed by it and/or its associates pursuant to the Placing, neither Messis Capital nor any of its associates has or may, as a result of the Placing, have any interest in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

No director or employee of Messis Capital who is involved in providing advice to our Company has or may, as a result of the Placing, have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of Messis Capital has a directorship in our Company or any other company in our Group.

STRUCTURE AND CONDITIONS OF THE PLACING

PLACING PRICE

The Placing Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, amounts to a total of HK\$4,141.33 for each board lot of 10,000 Shares. The level of indications of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the website of the Stock Exchange at www.hkexnews.hk at or before 9:00 a.m. on 9 April 2013.

THE PLACING

The Placing comprises 100,000,000 Placing Shares conditionally offered by our Company and the Vendor. Our Company is offering 75,000,000 New Shares for subscription and the Vendor is offering 25,000,000 Sale Shares for sale by way of private placements to professional, institutional or other investors. The Placing Shares will represent 25% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Placing. The Placing is fully underwritten by the Underwriters. The minimum subscription or purchase size for each subscriber or purchaser of the Placing Shares is 10,000 Shares and thereafter in integral multiples of board lot size of 10,000 Shares. Investors subscribing for and purchasing the Placing Shares are required to pay the Placing Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$4,141.33 for each board lot of 10,000 Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to purchase further Shares or hold or sell the Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional, institutional and individual shareholder base for the benefit of our Company and our Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules such that not more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders. No allocations of the Placing Shares will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed. There will not be any preferential treatment in the allocation of the Placing Shares to any persons.

The Placing is subject to the conditions as stated in the paragraph headed "Conditions of the Placing" in this section.

CONDITIONS OF THE PLACING

The Placing is conditional upon:

- (a) the GEM Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and

STRUCTURE AND CONDITIONS OF THE PLACING

- (b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Bookrunners (for themselves and on behalf of the Underwriters and the Sponsor)) and the Underwriting Agreement not being terminated in accordance with its terms or otherwise prior to 8:00 a.m. (Hong Kong time) on the Listing Date). Details of the Underwriting Agreement, its conditions and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

If the conditions referred to above are not fulfilled on or before the 30th day from the date of this prospectus, the Placing will lapse and the subscription and purchase monies will be returned to the placees or the Underwriters without interest. Notice of lapse of the Placing will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.zebra.com.hk on the next day after such lapse.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on 10 April 2013. Shares will be traded in board lots of 10,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or, under contingent situation, any other date as HKSCC may choose. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.



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28 March 2013

The Directors
Zebra Strategic Holdings Limited
Messis Capital Limited

Dear Sirs,

We set out below our report on the financial information regarding Zebra Strategic Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended 31 March 2011 and 2012 and the six months ended 30 September 2012 (the “Relevant Periods”) and the consolidated statements of financial position of the Group as at 31 March 2011 and 2012 and 30 September 2012, and the statements of financial position of the Company as at 31 March 2012 and 30 September 2012, together with explanatory notes thereto (the “Financial Information”), for inclusion in the prospectus of the Company dated 28 March 2013 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of placing (the “Placing”).

The Company was incorporated in the Cayman Islands on 24 February 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to a group reorganisation (the “Reorganisation”) as described in the note 2 of section II of this report, the Company has since 19 March 2013 become the holding company of the subsidiaries now comprising the Group which is principally engaged in the provision of staff outsourcing services. The Group is also engaged in the provision of executive/staff search services and other human resources support services. The Company has not carried on any business since the date of its incorporation saved for the Reorganisation.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name	Country/Place and date of incorporation	Particulars of issued and fully paid share capital	Effective interest held by the Company	Principal activities	Name of the auditor for the years ended 31 March 2011 and 2012
Interests held directly					
Orient Apex Investments Limited ("Orient Apex")	Incorporated on 2 December 2011 in the British Virgin Islands (the "BVI")	11,000 ordinary shares of US\$1 each	100%	Investment holding	Not applicable
Interests held indirectly					
Zebra Strategic Outsource Solution Limited ("Zebra SOS")	Incorporated on 25 March 2002 in Hong Kong	100,000 ordinary shares of HK\$1 each	100%	Provision of staff outsourcing services, executive/staff search services and other human resources support services	BDO Limited

All companies now comprising the Group have adopted 31 March as their financial year end date.

No audited financial statements have been prepared for the Company since its date of incorporation as there are no statutory audit requirements under the relevant rules and regulation in its jurisdiction of incorporation and it has not been involved in any business transaction other than the Reorganisation.

No audited financial statements have been prepared for Orient Apex since its date of incorporation as it was incorporated in a country where it is not subject to statutory audit requirements.

For the purpose of the Financial Information of this report, the directors of the Company have prepared the consolidated financial statements (the "Underlying Financial Statements") of the Group for the Relevant Periods in accordance with the basis as set out in note 2 of section II below and in accordance with the accounting policies set out in note 3 of section II below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustments made thereon.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the respective companies now comprising the Group are responsible for the preparation and true and fair presentation of the Underlying Financial Statements in accordance with the basis of presentation set out in note 2 of section II below and the accounting policies set out in note 3 of section II below. The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information prepared in accordance with the basis of presentation set out in note 2 of section II below and the accounting policies set out in note 3 of section II below and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”), and the contents of this Prospectus in which this report is included. The directors of the Company are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you. For the purpose of this report, we have carried out appropriate audit procedures on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Financial Information in accordance with the Auditing Guideline – Prospectuses and the Reporting Accountant (Statement 3.340) issued by the HKICPA and have carried out such additional procedures on the Financial Information as we considered necessary.

OPINION AND REVIEW CONCLUSION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information prepared on the basis as set out in note 2 of section II below and in accordance with the accounting policies set out in note 3 of section II below, gives a true and fair view of the state of affairs of the Company as at 31 March 2012 and 30 September 2012 and the state of affairs of the Group as at 31 March 2011 and 2012 and 30 September 2012 and of the results and cash flows of the Group for each of the Relevant Periods.

For the purpose of this report, we have also reviewed the unaudited interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the six months period ended 30 September 2011, together with the explanatory notes thereto (the “Corresponding Financial Information”), which has been prepared in accordance with the basis of presentation set out in note 2 of section II below and the accounting policies set out in note 3 of section II below, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. The directors are responsible for the preparation and presentation of the Corresponding Financial Information in accordance with basis of

presentation set out in note 2 of section II below and the accounting policies set out in note 3 of section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the Corresponding Financial Information. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the Corresponding Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

	Notes	For the year ended 31 March		For the six months ended 30 September	
		2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$
				(unaudited)	
Revenue	6	151,021,972	165,237,705	83,117,745	90,149,806
Direct costs		<u>(134,664,872)</u>	<u>(146,220,752)</u>	<u>(73,181,600)</u>	<u>(80,319,924)</u>
Gross profit		16,357,100	19,016,953	9,936,145	9,829,882
Other income	6	18,160	52,522	219	471,738
General and administrative expenses		<u>(7,351,338)</u>	<u>(7,280,586)</u>	<u>(3,574,917)</u>	<u>(4,171,558)</u>
Other operating expenses		<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,262,006)</u>
Operating profit		9,023,922	11,788,889	6,361,447	3,868,056
Finance costs	7	<u>(262,129)</u>	<u>(358,030)</u>	<u>(204,170)</u>	<u>(161,707)</u>
Profit before income tax	8	8,761,793	11,430,859	6,157,277	3,706,349
Income tax expense	9	<u>(1,461,020)</u>	<u>(1,741,077)</u>	<u>(1,026,267)</u>	<u>(888,782)</u>
Profit for the year/period		<u>7,300,773</u>	<u>9,689,782</u>	<u>5,131,010</u>	<u>2,817,567</u>
Other comprehensive income for the year/period		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the year/period attributable to owners of the Company		<u>7,300,773</u>	<u>9,689,782</u>	<u>5,131,010</u>	<u>2,817,567</u>
Earnings per share for profit attributable to owners of the Company – Basic and diluted (HK cents)	11	<u>2.2</u>	<u>3.0</u>	<u>1.6</u>	<u>0.9</u>

Consolidated Statements of Financial Position

		As at 31 March		As at
		2011	2012	30 September
	Notes	HK\$	HK\$	2012
				HK\$
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	13	307,059	181,828	1,884,304
Deposit paid for purchase of property, plant and equipment	14	–	150,000	–
		<u>307,059</u>	<u>331,828</u>	<u>1,884,304</u>
Current assets				
Trade and other receivables, prepayments and deposits	14	19,877,317	26,035,062	32,170,058
Amounts due from directors	15	1,195,822	2,995,822	4,115,963
Amount due from a related company	16	8,655	11,810	14,810
Pledged bank deposits	17	500,000	500,000	500,000
Cash at banks	17	9,331,610	4,426,297	6,472,094
		<u>30,913,404</u>	<u>33,968,991</u>	<u>43,272,925</u>
Current liabilities				
Accrued expenses and other payables	18	15,192,095	15,245,192	19,618,017
Bank borrowings	19	4,495,826	4,099,682	5,895,599
Obligation under a finance lease	20	145,797	–	261,210
Tax payables		1,193,940	73,358	835,077
		<u>21,027,658</u>	<u>19,418,232</u>	<u>26,609,903</u>
Net current assets		<u>9,885,746</u>	<u>14,550,759</u>	<u>16,663,022</u>
Total assets less current liabilities		<u>10,192,805</u>	<u>14,882,587</u>	<u>18,547,326</u>
Non-current liabilities				
Obligation under a finance lease	20	–	–	847,172
Net assets		<u>10,192,805</u>	<u>14,882,587</u>	<u>17,700,154</u>
EQUITY				
Equity attributable to the Company's owners				
Share capital	21	85,800	85,800	85,800
Reserves	22	10,107,005	14,796,787	17,614,354
Total equity		<u>10,192,805</u>	<u>14,882,587</u>	<u>17,700,154</u>

Statements of Financial Position

		As at 31 March 2012 HK\$	As at 30 September 2012 HK\$
	<i>Note</i>		
ASSETS AND LIABILITIES			
Non-current assets		–	–
Current assets			
Cash and cash equivalents		<u>1</u>	<u>1</u>
Current liabilities		<u>–</u>	<u>–</u>
Net current assets		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
Net assets		<u><u>1</u></u>	<u><u>1</u></u>
EQUITY			
Share capital	<i>21</i>	1	1
Retained earnings		<u>–</u>	<u>–</u>
Total equity		<u><u>1</u></u>	<u><u>1</u></u>

Consolidated Statements of Changes in Equity

	Share capital HK\$	Merger reserve* HK\$	Proposed final dividend* HK\$	Retained earnings* HK\$	Total equity HK\$
At 1 April 2010	85,800	14,200	1,700,000	3,792,032	5,592,032
2010 final dividend approved (<i>Note 10</i>)	–	–	(1,700,000)	–	(1,700,000)
2011 interim dividend declared (<i>Note 10</i>)	–	–	–	(1,000,000)	(1,000,000)
Transactions with owners	–	–	(1,700,000)	(1,000,000)	(2,700,000)
Proposed 2011 final dividend (<i>Note 10</i>)	–	–	5,000,000	(5,000,000)	–
Total comprehensive income for the year	–	–	–	7,300,773	7,300,773
At 31 March 2011 and 1 April 2011	85,800	14,200	5,000,000	5,092,805	10,192,805
2011 final dividend approved (<i>Note 10</i>)	–	–	(5,000,000)	–	(5,000,000)
Transaction with owners	–	–	(5,000,000)	–	(5,000,000)
Total comprehensive income for the year	–	–	–	9,689,782	9,689,782
At 31 March 2012 and 1 April 2012	85,800	14,200	–	14,782,587	14,882,587
Total comprehensive income for the period	–	–	–	2,817,567	2,817,567
At 30 September 2012	<u>85,800</u>	<u>14,200</u>	<u>–</u>	<u>17,600,154</u>	<u>17,700,154</u>
For the six months ended 30 September 2011 (unaudited)					
At 1 April 2011	85,800	14,200	5,000,000	5,092,805	10,192,805
2011 final dividend approved (<i>Note 10</i>)	–	–	(5,000,000)	–	(5,000,000)
Transaction with owners	–	–	(5,000,000)	–	(5,000,000)
Total comprehensive income for the period	–	–	–	5,131,010	5,131,010
At 30 September 2011	<u>85,800</u>	<u>14,200</u>	<u>–</u>	<u>10,223,815</u>	<u>10,323,815</u>

* The total of these balances represents "Reserves" in the consolidated statements of financial position.

Consolidated Statements of Cash Flows

	<i>Notes</i>	For the year ended 31 March		For the six months ended 30 September	
		2011 <i>HK\$</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>	2012 <i>HK\$</i>
				(unaudited)	
Cash flows from operating activities					
Profit before income tax		8,761,793	11,430,859	6,157,277	3,706,349
Adjustments for:					
Depreciation of property, plant and equipment	8	361,593	233,244	147,533	117,681
Gain on disposal of property, plant and equipment	8	–	–	–	(470,000)
Provision for impairment on trade receivables	8	–	43,404	–	–
Interest charges on obligation under a finance lease	7	22,311	18,593	11,156	13,008
Interest expenses	7	239,818	339,437	193,014	148,699
Interest income	6	(73)	(495)	(219)	(281)
Operating profit before working capital changes		9,385,442	12,065,042	6,508,761	3,515,456
Increase in trade receivables		(6,232,090)	(4,146,648)	(1,012,566)	(6,282,980)
(Increase)/Decrease in other receivables, prepayments and deposits		(81,163)	(2,054,501)	(899,055)	147,984
Increase in amounts due from directors		(2,922,250)	(1,800,000)	(500,000)	(1,120,141)
Increase in amount due from a related company		(1,155)	(3,155)	(1,155)	(3,000)
Increase in accrued expenses and other payables		3,405,974	53,097	1,426,677	4,372,825
Decrease in amount due to a related company		(30,000)	–	–	–

	For the year ended		For the six months ended	
	31 March		30 September	
Notes	2011	2012	2011	2012
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
<i>Cash generated from operations</i>	3,524,758	4,113,835	5,522,662	630,144
Income tax paid	(323,233)	(2,861,659)	(89,027)	(127,063)
<i>Net cash generated from operating activities</i>	<u>3,201,525</u>	<u>1,252,176</u>	<u>5,433,635</u>	<u>503,081</u>
Cash flows from investing activities				
Interest received	73	495	219	281
Proceeds from disposal of property, plant and equipment	–	–	–	470,000
Purchase of property, plant and equipment	(86,773)	(108,013)	(34,447)	(520,157)
Deposit paid for purchase of property, plant and equipment	–	(150,000)	–	–
Increase in pledged bank deposits	(500,000)	–	–	–
<i>Net cash used in investing activities</i>	<u>(586,700)</u>	<u>(257,518)</u>	<u>(34,228)</u>	<u>(49,876)</u>
Cash flows from financing activities				
Proceeds from new bank borrowings	7,000,000	–	–	–
Repayment of bank borrowings	(4,380,636)	(396,144)	(196,094)	(204,083)
Net (repayment of)/proceeds from bill payables	(1,700,000)	–	–	2,000,000
Interest paid	(239,818)	(339,437)	(193,014)	(148,699)
Dividend paid	–	(5,000,000)	(5,000,000)	–
Capital element of finance lease liabilities	(174,957)	(145,797)	(87,478)	(41,618)
Interest element of finance lease liabilities	(22,311)	(18,593)	(11,156)	(13,008)

	<i>Notes</i>	For the year ended 31 March		For the six months ended 30 September	
		2011 <i>HK\$</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>	2012 <i>HK\$</i>
<i>Net cash generated from/(used in) financing activities</i>		482,278	(5,899,971)	(5,487,742)	1,592,592
Net increase/(decrease) in cash and cash equivalents		3,097,103	(4,905,313)	(88,335)	2,045,797
Cash and cash equivalents at beginning of year/period		<u>6,234,507</u>	<u>9,331,610</u>	<u>9,331,610</u>	<u>4,426,297</u>
Cash and cash equivalents at end of year/period		<u>9,331,610</u>	<u>4,426,297</u>	<u>9,243,275</u>	<u>6,472,094</u>
Analysis of balances of cash and cash equivalents					
Cash at banks	17	<u>9,331,610</u>	<u>4,426,297</u>	<u>9,243,275</u>	<u>6,472,094</u>

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Zebra Strategic Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 24 February 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is located at 5th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activity of the Company and its subsidiaries (collectively referred to as the “Group”) is the provision of staff outsourcing services. The Group is also engaged in the provision of executive/staff search services and other human resources support services.

2. REORGANISATION AND BASIS OF PRESENTATION

2.1 Group reorganisation

The Group was founded in 2002 by Mr. Chang, Tin Duk Victor (“Mr. Chang”) and Mr. Kung, Phong (“Mr. Kung”) (together, the “Controlling Shareholders”). Pursuant to the Reorganisation as described below, the Company has since 19 March 2013 become the holding company of its subsidiaries now comprising the Group. Details of the Reorganisation are summarised below:

- (i) On 16 February 2012, each of the Controlling Shareholders transferred his 50,000 shares of Zebra SOS, representing its entire issued share capital, to Orient Apex and in consideration of which and at the directions of the Controlling Shareholders, Orient Apex allotted and issued 500 shares to each of Triglobal Investments Limited (“Triglobal”) and Luxuriant Global Investments Limited (“Luxuriant Global”) as fully paid at a premium. After completion of the share transfer, Zebra SOS became a wholly-owned subsidiary of Orient Apex.
- (ii) Orient Apex was incorporated in the BVI with limited liability on 2 December 2011 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the date of its incorporation, Orient Apex allotted and issued 5,000 shares, all credited as fully paid at par, to each of Triglobal and Luxuriant Global.
- (iii) Pursuant to the sale and purchase agreements (consisting of the sales and purchase agreement dated 15 December 2011 entered into between Triglobal, Luxuriant Global and Ascent Way Investments Limited (“Ascent Way”), as amended and supplemented by the supplemental sale and purchase agreement dated 17 February 2012 entered into between the same parties dealing with certain drafting changes to the sale and purchase agreement dated 15 December 2011, the second supplemental sale and purchase agreement entered into between the same parties dated 5 June 2012 stipulating the 6-month lock-up period of Ascent Way and the third supplemental sale and purchase agreement entered into between the same parties dated 23 July 2012 stipulating that Ascent Way’s right to nominate a director of Orient Apex shall terminate upon the Listing, none of which alters the completion/payment dates of Ascent Way) (the “Sale and Purchase Agreements”), each of Triglobal and Luxuriant Global transferred 1,100 shares of Orient Apex (representing, in aggregate, 20% of the entire issued share capital of Orient Apex) to Ascent Way for a total consideration of HK\$8,760,000, which was determined based on arm’s length negotiation between the relevant parties with reference to the agreed price-to-earnings ratio of Zebra SOS for the year ended 31 March 2011. After completion of the Sale and Purchase Agreements, Orient Apex was owned as to 40% by Triglobal, as to 40% by Luxuriant Global and as to the remaining 20% by Ascent Way. Triglobal and Luxuriant Global and Ascent Way were wholly-owned by Mr. Chang, Mr. Kung and Mr. Pan, Chik (“Mr. Pan”) respectively.
- (iv) On 14 March 2013, each of Triglobal and Luxuriant Global transferred 40 shares of the Company to Z Strategic and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued 1 share to each of the Controlling Shareholders as fully paid at a premium.

- (v) On 14 March 2013, each of Triglobal and Luxuriant Global transferred 4,400 shares of Orient Apex to Z Strategic Investments Ltd. ("Z Strategic") and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued 1 share to each of the Controlling Shareholders as fully paid at a premium.
- (vi) On 19 March 2013, pursuant to the reorganisation deed dated on the same date, in consideration of the transfers of 8,800 and 2,200 shares of Orient Apex by Z Strategic and Ascent Way to the Company, respectively, the Company allotted and issued 25,000,000 shares and 6,250,000 shares, all credited as fully paid at a premium, to Z Strategic and Ascent Way, respectively. After completion of the share transfer, Orient Apex became a wholly-owned subsidiary of the Company.

Immediately after the Reorganisation, the Company has become the holding company of its subsidiaries now comprising the Group and the Company was owned as to 80% and 20% by Z Strategic and Ascent Way respectively.

2.2 Basis of presentation

The Reorganisation involved only inserting new holding companies on top of the existing company and has not resulted in any change of economic substance. Accordingly, the Financial Information has been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the Relevant Periods.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods have been prepared to present the results, changes in equity and cash flows of the Company and its subsidiaries as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, whichever was shorter. The consolidated statements of financial position of the Group as at 31 March 2011 and 2012 and 30 September 2012 have been prepared to present the assets and liabilities of the Company and its subsidiaries as if the current group structure had been in existence at those dates.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values from the Controlling Shareholders' perspective. No amount is recognised as consideration of goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The Financial Information and Corresponding Financial Information have been prepared in accordance with the accounting policies set out below, which conform to HKFRSs which collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The Financial Information also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The Financial Information and Corresponding Financial Information have been prepared under the historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information and Corresponding Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information and Corresponding Financial Information, are disclosed in note 4.

At the date of this report, the HKICPA has issued certain new or amended HKFRSs that have been issued but are not yet effective, and have not been adopted early by the Group. The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on those new or amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new or amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle

The *Annual Improvements to HKFRSs – 2009 – 2011 Cycle* include a number of amendments to various HKFRSs, which include:

HKAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

HKAS 16 Property, Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

HKAS 32 Financial Instruments: Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*.

HKAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Amendments to HKAS 1 (Revised) – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively. The standard is effective for accounting periods beginning on or after 1 July 2012.

HKFRS 9 – Financial instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the “Additions”) and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option. For these fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the fair value option are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2015.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of “de facto” control where an investor can control an investee while holding less than 50% of the investee’s voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions. The standard is effective for accounting periods beginning on or after 1 January 2013.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity’s interests in other entities and the effects of those interests on the reporting entity’s financial statements. The standard is effective for accounting periods beginning on or after 1 January 2013.

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 clarified certain aspects when an entity transition to HKFRS 10. The amendments also provide additional transition relief in HKFRS 10, HKFRS 11 and HKFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The effective date of the amendments is accounting periods beginning on or after 1 January 2013, which is aligned with the effective date of HKFRS 10, 11 and 12.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 *Financial Instruments: Disclosures*. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a

liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively. The standard is effective for accounting periods beginning on or after 1 January 2013.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors anticipated that more disclosures would be made but so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3.2 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss. Impairment testing of the investments in subsidiaries is required upon receiving dividends from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 3.4). The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition 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 costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less their residual values, using straight-line method, over their estimated useful lives, at the following rates per annum:

Leasehold improvements	20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	30%

The assets' residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows

are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.5 Financial assets

The Group's financial assets mainly comprise loans and receivables including trade and other receivables, deposits, amounts due from directors, amount due from a related company, pledged bank deposits and cash at banks.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

If there is objective evidence that an impairment loss on loans and receivables has been incurred, 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 (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss on loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss for the period in which the reversal occurs.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash at banks and bank deposits with original maturities of three months or less.

3.7 Financial liabilities

The Group's financial liabilities include accrued expenses and other payables, bank borrowings and obligation under a finance lease, which are financial liabilities at amortised cost.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (note 3.13). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accrued expenses and other payables

These are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Finance lease liabilities

Financial lease liabilities are measured at initial value less the future finance charges of lease repayments (note 3.10), and subsequently measured at amortised cost using the effective interest method.

3.8 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.9 Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from staff outsourcing services represents the amounts billed for the services of outsourcing staff. This is recognised on a monthly basis when the services have been provided. The Group reports gross revenue and the related direct costs of staff outsourcing services as the Group acts as a principal in the arrangements and has the risks and rewards of ownership (such as the obligation to pay outsourcing staff and the risk of loss for collection of the related trade receivables).

Revenue from executive/staff search services, based on a percentage of the candidate's remuneration package in the first year of his/her employment, is recognised when the services are rendered pursuant to the terms of the agreement which usually coincides with the employment commencement date. A provision is made by the management, based on past experience, for the possible cancellation of placements prior to, or shortly after, the commencement of employment.

The Group presents revenues and the related direct costs of services in accordance with HKAS 18 *Revenue*. For arrangements in which the Group acts as a principal in the transaction and has risks and rewards of ownership (such as the obligation to pay outsourced staff and the risk of loss for collection), the Group reports gross revenues and gross direct costs. Under arrangements where the Group acts as an agent as is the case in executive/staff search services, revenues are reported on a net basis.

Revenue from other human resources support services are recognised as follows:

Revenue from payroll outsourcing services represents the amounts billed for the payroll processing services provided to customers. This is recognised on a monthly basis when the services have been provided.

Revenue from sales of eHRIS software represents the amounts billed for the transfer of rights to use information system and related services. This is recognised when the system has been installed and the services have been provided respectively.

Interest income from bank deposits is accrued on a time apportionment basis using the effective interest method.

3.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments (the "initial value"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

Finance lease charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the finance lease liabilities for each accounting period.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

3.11 Employee benefits*Long service payment and employee leave entitlements*

Employee entitlements to long service payment and annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for long service payment and annual leave as a result of services rendered by employees up to each reporting date. Non-accumulating compensated absences are not recognised until the time of leave.

Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into MPF Scheme.

3.12 Foreign currencies

The financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.13 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets, which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Other borrowing costs are expensed when incurred.

3.14 Accounting for income tax

Income tax comprises current tax and deferred tax. Current income tax assets and/or liabilities comprise those claims from, or obligations to, tax authorities relating to the current or prior reporting period, that are unpaid at each reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at each reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income, or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

3.15 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.16 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's line of business.

The measurement policies the Group uses for reporting segment results under HKFRS 8 *Operating Segments* are the same as those used in its financial statements prepared under HKFRSs.

3.17 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member to that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other party is an associate of the third party;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 Group makes estimates and assumptions concerning the future. 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 within the next financial year are discussed below:

Revenue recognition

The Group recognises revenue when the services are rendered. In respect of the executive/staff search services, the management made judgement in considering the timing of fulfilling the detailed criteria for the recognition of revenue when the services are rendered pursuant to the terms of the agreements which usually coincides with the employment commencement date. A provision is made by the management, based on estimation with reference to historical experience, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the commencement date.

In respect of the staff outsourcing services, the management made judgement in considering if the Group acts as a principal from the accounting perspective, and hence recognises the gross revenue and the related direct costs, with reference to all relevant facts and circumstances of the service arrangements. The Group is the primary obligor in the arrangements and is responsible for the acceptability of the services provided by the outsourcing staff to the customers during the service period. The Group also maintains an employer/employee relationship with and has the obligation to pay the outsourcing staff and bears the credit risk of not collecting the related trade receivables from the customers. After taking into consideration of these factors, the management considers that the Group is acting as a principal from the accounting perspective since it has exposure to the significant risks and rewards associated with the rendering of the staff outsourcing services.

Impairment of receivables

The policy for the impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Depreciation

The Group depreciated the property, plant and equipment on a straight-line basis over the estimated useful lives of three to five years, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Estimated current tax and deferred tax

The Group is subject to taxes in different jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

5. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. For the Relevant Periods, executive directors regularly review revenue and operating results derived from provision of staff outsourcing services, executive/staff search services and other human resources support services on an aggregate basis and consider as one single operating segment.

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile. All the Group's non-current assets are principally attributable to Hong Kong, being the single geographical region.

The geographical location of customers is based on the location at which the services are provided. The total revenue from external customers is mainly sourced from Hong Kong.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group is as follows:

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$ (unaudited)	2012 HK\$
Customer A	75,066,704	106,659,564	49,985,034	60,291,048
Customer B	50,679,118	32,728,105	20,960,701	13,904,883

6. REVENUE AND OTHER INCOME

An analysis of the revenue from the Group's principal activities (note 1), which is also the Group's turnover, and other income is as follows:

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$ (unaudited)	2012 HK\$
Revenue				
Staff outsourcing services	139,556,523	150,339,804	76,028,272	81,136,223
Executive/staff search services	10,310,162	9,291,600	6,304,970	6,119,663
Other human resources support services	1,155,287	5,606,301	784,503	2,893,920
	<u>151,021,972</u>	<u>165,237,705</u>	<u>83,117,745</u>	<u>90,149,806</u>
Other income				
Bank interest income	73	495	219	281
Gain on disposal of property, plant and equipment	–	–	–	470,000
Sundry income	18,087	52,027	–	1,457
	<u>18,160</u>	<u>52,522</u>	<u>219</u>	<u>471,738</u>
Total income	<u>151,040,132</u>	<u>165,290,227</u>	<u>83,117,964</u>	<u>90,621,544</u>

7. FINANCE COSTS

	For the year ended		For the six months ended	
	31 March		30 September	
	2011	2012	2011	2012
	HK\$	HK\$	HK\$	HK\$
Interest charges on:				
Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	239,818	339,437	193,014	148,699
Obligation under a finance lease	22,311	18,593	11,156	13,008
	<u>262,129</u>	<u>358,030</u>	<u>204,170</u>	<u>161,707</u>

8. PROFIT BEFORE INCOME TAX

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

	For the year ended		For the six months ended	
	31 March		30 September	
	2011	2012	2011	2012
	HK\$	HK\$	HK\$	HK\$
Auditor's remuneration	80,000	80,000	40,000	40,000
Cost of services rendered	134,664,872	146,220,752	73,181,600	80,319,924
Depreciation:				
– Owned assets	165,786	167,976	82,265	28,863
– Leased assets	195,807	65,268	65,268	88,818
	361,593	233,244	147,533	117,681
Employee benefit expense (including directors' remuneration):				
Salaries, allowances and benefits in kind, included in				
– Cost of services rendered	128,425,273	140,596,708	70,371,684	77,481,827
– General and administrative expenses	4,485,876	3,846,405	1,770,874	2,227,061
Retirement benefits – defined contribution plans ¹ , included in				
– Cost of services rendered	4,427,189	5,111,543	2,571,917	2,786,765
– General and administrative expenses	179,022	135,787	66,655	83,302
	137,517,360	149,690,443	74,781,130	82,578,955
Exchange loss, net	9,231	11,367	–	11,158
Gain on disposal of property, plant and equipment	–	–	–	(470,000)
Listing expenses ²	–	–	–	2,262,006
Operating lease charges in respect of a rented premise	724,500	966,000	483,000	483,000
Provision for impairment on trade receivables	–	43,404	–	–
	<u>–</u>	<u>43,404</u>	<u>–</u>	<u>–</u>

¹ No forfeited contributions available for offset against existing contributions during the Relevant Periods

² Included in "other operating expenses" in the consolidated statement of comprehensive income

9. INCOME TAX EXPENSE

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$
			(unaudited)	
Current tax				
– Hong Kong Profits Tax				
– charged for the year/period	1,461,020	1,468,077	1,026,267	828,020
– The People's Republic of China (the "PRC")				
Enterprise Income Tax				
– charged for the year/period	–	273,000	–	60,762
	<u>1,461,020</u>	<u>1,741,077</u>	<u>1,026,267</u>	<u>888,782</u>

No provisions for Hong Kong Profits Tax and PRC Enterprise Income Tax were made by the Company and Orient Apex as the Company and Orient Apex did not derive any assessable profit in Hong Kong and the PRC during the Relevant Periods.

Hong Kong Profits Tax has been provided at the rate of 16.5% on Zebra SOS's estimated assessable profits derived in Hong Kong for each of the financial years/period during the Relevant Periods.

Zebra SOS sold eHRIS software to PRC customers during the year ended 31 March 2012 and the six months ended 30 September 2012, therefore, is subject to PRC Enterprise Income Tax in respect of its income derived in the PRC for the year ended 31 March 2012 and the six months ended 30 September 2012. Pursuant to the PRC Enterprise Income Tax Laws and Regulations (中華人民共和國企業所得稅法及其實施細則), as Zebra SOS is a tax non-resident enterprise, its PRC Enterprise Income Tax is payable at a rate of 10%. Furthermore, according to the Interim Measures for the Administration of Source-based Withholding of Enterprise Income Tax on Non-resident Enterprises (非居民企業所得稅源泉扣繳管理暫行辦法), the PRC Enterprise Income Tax payable by Zebra SOS shall be withheld and paid, on its behalf, by its PRC customers as withholding agents. PRC Enterprise Income Tax, at the rate of 10%, of approximately HK\$273,000 and approximately HK\$61,000 have already been paid to the PRC tax authorities at the time when the respective PRC customers remitted the payments of the service income to the Group for the year ended 31 March 2012 and the six months ended 30 September 2012 respectively.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the applicable rate of Enterprise Income Tax for Zebra SOS would be lowered to 7% subject to the application to and approval from the PRC tax authorities. The Directors confirmed that the Group had not applied for such approval from the PRC tax authorities.

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$ (unaudited)	2012 HK\$
Profit before income tax	<u>8,761,793</u>	<u>11,430,859</u>	<u>6,157,277</u>	<u>3,706,349</u>
Income tax at Hong Kong Profits				
Tax rate of 16.5%	1,445,696	1,886,092	1,015,951	611,548
Tax effect of different taxation rate in other tax jurisdiction	–	(177,450)	–	(42,198)
Tax effect of non-deductible expenses	–	22,522	–	378,895
Tax effect of non-taxable income	(12)	(82)	(36)	(46)
Tax effect of deductible temporary differences not recognised	27,961	9,995	10,352	(59,417)
Others	<u>(12,625)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Income tax expense for the year/period	<u>1,461,020</u>	<u>1,741,077</u>	<u>1,026,267</u>	<u>888,782</u>

No deferred tax has been provided in the consolidated financial statements as those are no material temporary difference.

10. DIVIDENDS

No dividends has been paid or declared by the Company since its incorporation. Dividends declared and paid by Zebra SOS to its then shareholders during the Relevant Periods are summarised as follows:

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$ (unaudited)	2012 HK\$
Dividends attributable to the year/period				
Interim dividend paid	1,000,000	–	–	–
Proposed final dividend	<u>5,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>6,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation of retained earnings for the year/period end.

Dividends attributable to the previous year, approved and paid during the Relevant Periods:

	For the year ended 31 March		For the six months ended 30 September	
	2011	2012	2011	2012
	HK\$	HK\$	HK\$	HK\$
Final dividends in respect of 2010 and 2011, approved and be paid in the following year	1,700,000	5,000,000	–	–

The rate of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

11. EARNINGS PER SHARE

The calculations of basic earnings per share for the Relevant Periods are based on the profit attributable to the owners of the Company for the years ended 31 March 2011 and 2012 and the six months ended 30 September 2011 and 2012 amounting to approximately HK\$7,300,773, HK\$9,689,782, HK\$5,131,010 and HK\$2,817,567 respectively, and on the basis of 325,000,000 shares of the Company in issue, being the number of shares in issue immediately after capitalisation issue as described in the section headed "Further information about our Group" in Appendix V to the Prospectus, as if these shares had been issued throughout the Relevant Periods.

The Group had no potential dilutive ordinary shares in issue during the Relevant Periods.

12. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Remuneration of directors

The aggregate amount of remuneration paid and payable to the directors of the Company as at the date of this report during the Relevant Periods are as follows:

	Fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement benefit costs HK\$	Total HK\$
Year ended 31 March 2011				
<i>Executive directors:</i>				
Mr. Chang	–	480,000	12,000	492,000
Mr. Kung	–	–	–	–
<i>Non-executive director:</i>				
Mr. Pan	–	–	–	–
<i>Independent non-executive directors:</i>				
Mr. Ng, Kwan Ho Andy	–	–	–	–
Mr. Lam, Raymond Shiu Cheung	–	–	–	–
Mr. Tam, Tak Kei Raymond	–	–	–	–
	–	480,000	12,000	492,000

	Fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement benefit costs HK\$	Total HK\$
Year ended 31 March 2012				
<i>Executive directors:</i>				
Mr. Chang	–	570,000	12,000	582,000
Mr. Kung	–	–	–	–
<i>Non-executive director:</i>				
Mr. Pan	–	–	–	–
<i>Independent non-executive directors:</i>				
Mr. Ng, Kwan Ho Andy	–	–	–	–
Mr. Lam, Raymond Shiu Cheung	–	–	–	–
Mr. Tam, Tak Kei Raymond	–	–	–	–
	<u>–</u>	<u>570,000</u>	<u>12,000</u>	<u>582,000</u>
For the six months ended 30 September 2011 (unaudited)				
<i>Executive directors:</i>				
Mr. Chang	–	240,000	6,000	246,000
Mr. Kung	–	–	–	–
<i>Non-executive director:</i>				
Mr. Pan	–	–	–	–
<i>Independent non-executive directors:</i>				
Mr. Ng, Kwan Ho Andy	–	–	–	–
Mr. Lam, Raymond Shiu Cheung	–	–	–	–
Mr. Tam, Tak Kei Raymond	–	–	–	–
	<u>–</u>	<u>240,000</u>	<u>6,000</u>	<u>246,000</u>

	Fees HK\$	Salaries, allowances and benefits in kind HK\$	Retirement benefit costs HK\$	Total HK\$
For the six months ended 30 September 2012				
<i>Executive directors:</i>				
Mr. Chang	–	420,000	7,000	427,000
Mr. Kung	–	–	–	–
<i>Non-executive director:</i>				
Mr. Pan	–	–	–	–
<i>Independent non-executive directors:</i>				
Mr. Ng, Kwan Ho Andy	–	–	–	–
Mr. Lam, Raymond Shiu Cheung	–	–	–	–
Mr. Tam, Tak Kei Raymond	–	–	–	–
	<u>–</u>	<u>420,000</u>	<u>7,000</u>	<u>427,000</u>

Five highest paid individuals

Of the five highest paid individuals, none were directors of the Company whose remuneration are reflected in the analysis presented above. Details of remuneration of the five highest paid individuals for each of the Relevant Periods are as follows:

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$
			(unaudited)	
Salaries, allowances and benefits in kind	4,364,384	5,955,802	3,229,447	3,738,673
Retirement benefits – defined contribution plans	<u>56,883</u>	<u>53,665</u>	<u>30,089</u>	<u>35,000</u>
Total	<u>4,421,267</u>	<u>6,009,467</u>	<u>3,259,536</u>	<u>3,773,673</u>

The remuneration paid to each of the above non-director individuals for each of the Relevant Periods fell within the following bands:

	Number of individuals			
	For the year ended 31 March		For the six months ended 30 September	
	2011	2012	2011	2012
			(unaudited)	
Nil-HK\$1,000,000	5	2	5	5
HK\$1,000,001-HK\$1,500,000	<u>–</u>	<u>3</u>	<u>–</u>	<u>–</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

No emolument was paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or compensation for loss of office.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2010					
Cost	488,185	133,348	293,621	652,689	1,567,843
Accumulated depreciation	(292,911)	(75,274)	(226,165)	(391,614)	(985,964)
Net carrying amount	<u>195,274</u>	<u>58,074</u>	<u>67,456</u>	<u>261,075</u>	<u>581,879</u>
Year ended					
31 March 2011					
Opening net carrying amount	195,274	58,074	67,456	261,075	581,879
Additions	65,520	–	21,253	–	86,773
Depreciation	(104,270)	(26,670)	(34,846)	(195,807)	(361,593)
Closing net carrying amount	<u>156,524</u>	<u>31,404</u>	<u>53,863</u>	<u>65,268</u>	<u>307,059</u>
At 31 March 2011 and					
1 April 2011					
Cost	553,705	133,348	314,874	652,689	1,654,616
Accumulated depreciation	(397,181)	(101,944)	(261,011)	(587,421)	(1,347,557)
Net carrying amount	<u>156,524</u>	<u>31,404</u>	<u>53,863</u>	<u>65,268</u>	<u>307,059</u>
Year ended					
31 March 2012					
Opening net carrying amount	156,524	31,404	53,863	65,268	307,059
Additions	28,920	13,490	65,603	–	108,013
Depreciation	(112,296)	(27,391)	(28,289)	(65,268)	(233,244)
Closing net carrying amount	<u>73,148</u>	<u>17,503</u>	<u>91,177</u>	<u>–</u>	<u>181,828</u>
At 31 March 2012 and					
1 April 2012					
Cost	582,625	146,838	380,477	652,689	1,762,629
Accumulated depreciation	(509,477)	(129,335)	(289,300)	(652,689)	(1,580,801)
Net carrying amount	<u>73,148</u>	<u>17,503</u>	<u>91,177</u>	<u>–</u>	<u>181,828</u>

	Leasehold improvements <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
Six months ended					
30 September 2012					
Opening net carrying amount	73,148	17,503	91,177	–	181,828
Additions	–	–	43,797	1,776,360	1,820,157
Disposals	–	–	–	–	–
Depreciation	(9,444)	(2,533)	(16,886)	(88,818)	(117,681)
Closing carrying amount	<u>63,704</u>	<u>14,970</u>	<u>118,088</u>	<u>1,687,542</u>	<u>1,884,304</u>
At 30 September 2012					
Cost	582,625	146,838	424,274	1,776,360	2,930,097
Accumulated depreciation	(518,921)	(131,868)	(306,186)	(88,818)	(1,045,793)
Net carrying amount	<u>63,704</u>	<u>14,970</u>	<u>118,088</u>	<u>1,687,542</u>	<u>1,884,304</u>

As at 31 March 2011 and 2012 and 30 September 2012, the net carrying amount of property, plant and equipment included the amount of approximately HK\$65,268, nil and HK\$1,687,542 held for a motor vehicle under a finance lease respectively (note 20).

14. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March 2011 <i>HK\$</i>	2012 <i>HK\$</i>	As at 30 September 2012 <i>HK\$</i>
Non-current			
Deposit paid for purchase of property, plant and equipment	–	150,000	–
Current			
Trade receivables (<i>Note</i>)	19,527,244	23,630,488	29,913,468
Other receivables	49,663	20,944	–
Prepayments	–	2,083,220	1,956,180
Deposits	300,410	300,410	300,410
	<u>19,877,317</u>	<u>26,035,062</u>	<u>32,170,058</u>
	<u>19,877,317</u>	<u>26,185,062</u>	<u>32,170,058</u>

Note:

During the Relevant Periods, the Group discounted part of its trade receivables with full recourse to a financial institution. In the event of default by the debtors, the Group is obliged to pay the financial institution the amount in default. Interest is charged at approximately 6.35% per annum on the proceeds received from the financial institution until the date the debtors pay during the Relevant Periods. The Group is therefore exposed to the risks of credit losses and late payment in respect of the discounted debts.

The discounting transactions do not meet the requirements in HKAS 39 for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the discounted trade debts. At 30 September 2012, trade receivables of approximately HK\$2,500,000 continue to be recognised in the Group's financial statements even though they have been legally transferred to the financial institution. The proceeds of the discounting transactions are included in borrowings as asset-backed financing (note 19) until the trade receivables are collected or the Group settles any losses suffered by the financial institution. At 30 September 2012, the asset-backed financing liability amounted to HK\$2,000,000. As at 31 March 2011 and 31 March 2012, there were no trade receivables discounted to the financial institution. Accordingly, there were no asset-backed financing liability as at 31 March 2011 and 31 March 2012.

Because the trade receivables have been transferred to the financial institution legally, the Group did not have the authority to determine the disposition of the trade receivables.

The Group normally allows credit period ranging from 30 to 60 days to its major customers.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

Some of the trade receivables that were not impaired are past due as at the reporting date. Ageing analysis of trade receivables not impaired is as follows:

	As at 31 March		As at 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Neither past due nor impaired	14,701,262	16,567,605	26,840,290
1-90 days past due	4,666,648	7,062,883	2,842,575
91-180 days past due	12,000	–	230,603
181-365 days past due	30,000	–	–
More than 1 year past due	117,334	–	–
	<u>4,825,982</u>	<u>7,062,883</u>	<u>3,073,178</u>
	<u>19,527,244</u>	<u>23,630,488</u>	<u>29,913,468</u>

Trade receivables that were neither past due nor impaired and that were past due but not impaired related to a number of customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

The movement in the allowance for impairment of trade receivables is as follows:

	For the year ended 31 March		For the six months ended 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Balance at beginning of year/period	–	–	–
Impairment loss recognised	–	43,404	–
Amount written off	–	(43,404)	–
	<u>–</u>	<u>–</u>	<u>–</u>
Balance at end of year/period	<u>–</u>	<u>–</u>	<u>–</u>

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 March 2012, the Group has made impairment allowance amounting to HK\$43,404 and has been then written off against trade receivables. None of the trade receivables as at 31 March 2011 and 2012 and 30 September 2012 have been identified by the Group as having an impairment issue.

The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

15. AMOUNTS DUE FROM DIRECTORS

Particulars of amounts due from directors disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

	As at 31 March		As at
	2011	2012	30 September
	HK\$	HK\$	2012
			HK\$
Mr. Chang	597,911	2,097,911	2,592,911
Mr. Kung	597,911	897,911	1,523,052
	<u>1,195,822</u>	<u>2,995,822</u>	<u>4,115,963</u>
	Maximum amount outstanding during the year/period	Opening outstanding balance	Closing outstanding balance
	HK\$	HK\$	HK\$
Year ended 31 March 2011			
Mr. Chang	2,352,253	891,128	597,911
Mr. Kung	1,543,569	82,444	597,911
		<u>973,572</u>	<u>1,195,822</u>
Year ended 31 March 2012			
Mr. Chang	8,197,911	597,911	2,097,911
Mr. Kung	897,911	597,911	897,911
		<u>1,195,822</u>	<u>2,995,822</u>
Six months ended 30 September 2012			
Mr. Chang	2,592,911	2,097,911	2,592,911
Mr. Kung	1,523,052	897,911	1,523,052
		<u>2,995,822</u>	<u>4,115,963</u>

The amounts are unsecured, interest free and repayable on demand. The directors consider that the carrying amounts of the balances approximate their fair values. The directors have confirmed that, save for 25% of the total amount of the expenses relating to the Placing, which will be borne by the directors and will be settled through the deduction by the Company of the gross proceeds receivable by it (on behalf of Z Strategic (the "Vendor"), a company owned by the directors in equal shares) from the underwriters of the Placing in respect of the sale of certain shares by the Vendor under the Placing to the same extent, the amounts due from directors would be settled prior to the listing of the Company's shares on the Stock Exchange.

16. AMOUNT DUE FROM A RELATED COMPANY

Details of the amount due from a related company are as follows:

	Maximum amount outstanding during the year/period HK\$	Opening outstanding balance HK\$	Closing outstanding balance HK\$
Year ended 31 March 2011			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited) (<i>Note</i>)	8,655	<u>7,500</u>	<u>8,655</u>
Year ended 31 March 2012			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited) (<i>Note</i>)	11,810	<u>8,655</u>	<u>11,810</u>
Six months ended 30 September 2012			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited) (<i>Note</i>)	14,810	<u>11,810</u>	<u>14,810</u>

Note: The directors of the Company, namely Mr. Chang and Mr. Kung, have equity interests in this related company.

The above balance was unsecured, interest free and repayable on demand. The directors consider that the carrying amount of the balance approximates its fair value. The directors have confirmed that the amount due from this related company would be settled prior to the listing of the Company's shares on the Stock Exchange.

17. PLEDGED BANK DEPOSITS AND CASH AT BANKS

Pledged bank deposits represent the Group's bank deposits pledged to secure for its banking facilities (note 23). Cash at banks earn interest at floating rates based on daily bank deposit rates.

18. ACCRUED EXPENSES AND OTHER PAYABLES

	As at 31 March 2011 HK\$	2012 HK\$	As at 30 September 2012 HK\$
Accrued expenses and other payables	15,160,095	14,538,958	19,083,193
Deferred revenue	–	588,900	362,050
Receipts in advance	<u>32,000</u>	<u>117,334</u>	<u>172,774</u>
	<u>15,192,095</u>	<u>15,245,192</u>	<u>19,618,017</u>

The directors consider that the carrying amounts of accrued expenses and other payables approximate their fair values.

19. BANK BORROWINGS

	As at 31 March		As at
	2011	2012	30 September
	HK\$	HK\$	2012
			HK\$
Current			
Bank loans (<i>Notes (a) and (b)</i>)	4,495,826	4,099,682	5,895,599
	<u>4,495,826</u>	<u>4,099,682</u>	<u>5,895,599</u>
Analysed into:			
Bank loans repayable: (<i>Note (c)</i>)			
Within one year	3,396,144	3,412,283	5,420,598
In the second year	412,283	429,080	475,001
In the third to fifth years	687,399	258,319	–
	<u>4,495,826</u>	<u>4,099,682</u>	<u>5,895,599</u>

Notes:

- (a) The interest-bearing bank borrowings are carried at amortised cost. The current bank borrowings include a bank loan that is not scheduled for repayment within one year. It is classified as current liability as the loan agreement gives the lender an unconditional right to demand repayment at any time at its own discretion. None of the bank borrowings due for repayment after one year, which contains a repayment on demand clause and classified as a current liability, is expected to be settled within one year.
- (b) As at 30 September 2012, there are asset-backed financing, amounting to HK\$2,000,000, included in bank loans. The asset-backed financing represents the amount of financing obtained in factoring transactions which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in trade receivables (note 14).
- (c) The amounts due are presented according to the scheduled repayment dates pursuant to the loan agreements not taking into account the effect of any repayment on demand clause.
- (d) Other relevant information about the borrowings was:

As at 31 March 2011 and 2012 and 30 September 2012, one of the secured bank borrowings represents an instalment loan with a principal amount of HK\$2,000,000 that bears interest at 1.25% per annum below the bank's HK\$ prime rate and is repayable in 59 monthly instalments.

As at 31 March 2011 and 2012 and 30 September 2012, another secured bank borrowing represents a revolving loan with a principal amount of HK\$3,000,000 that bears interest at 0.5% per annum over the higher of (i) the bank's prime rate and (ii) the bank's cost of fund.

As at 30 September 2012, bill payables amount of HK\$2,000,000 that bears at the higher of (i) 0.5% per annum over the bank's HK\$ prime rate and (ii) 1% per annum over Hong Kong Inter-Bank Offered Rate.

The effective interest rates applicable to the borrowings for each of the years ended 31 March 2011 and 2012 and the six months ended 30 September 2012 are ranged from 4% to 5.75% per annum.

Details of banking facilities are set out in note 23.

The directors consider that the carrying amounts of the Group's borrowings approximate their fair values.

20. OBLIGATION UNDER A FINANCE LEASE

The analysis of the obligation under a finance lease is as follows:

	As at 31 March		As at
	2011	2012	30 September
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Due within one year	164,390	–	327,756
Due in the second to fifth years	–	–	928,642
	<u>164,390</u>	<u>–</u>	<u>1,256,398</u>
Future finance charges on finance lease	(18,593)	–	(148,016)
	<u>145,797</u>	<u>–</u>	<u>1,108,382</u>

The present value of finance lease liabilities is as follows:

	As at 31 March		As at
	2011	2012	30 September
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Due within one year	145,797	–	261,210
Due in the second to fifth years	–	–	847,172
	<u>145,797</u>	<u>–</u>	<u>1,108,382</u>
Less: Current portion due within one year included under current liabilities	(145,797)	–	(261,210)
Non-current portion included under non-current liabilities	<u>–</u>	<u>–</u>	<u>847,172</u>

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

During the year ended 31 March 2009, the Group has entered into a finance lease for a motor vehicle. The lease has a term of three years with an effective interest rate of 8.20% per annum. This lease does not have option to renew or contingent rental provision. The lease has been completed during the year ended 31 March 2012.

During the six months ended 30 September 2012, the Group has entered into another finance lease for a motor vehicle. The lease has a term of four years with an effective interest rate of 6.77% per annum. The lease does not have any option to renew or contingent rental provision. The lease is guaranteed by Mr. Kung, the director of the Company, to the extent of HK\$1,150,000.

21. SHARE CAPITAL**The Group**

As at 31 March 2011 and 2012 and 30 September 2012, the balance of share capital represented the paid-up capital of Orient Apex.

The Company

The Company was incorporated on 24 February 2012 with authorised share capital of HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.1 each, one fully paid subscriber share was transferred to Triglobal. On the same day, the Company allotted and issued 3 shares to Triglobal, 4 shares to Luxuriant Global and 2 shares to Ascent Way as fully paid.

On 12 April 2012, the Company underwent a share sub-division such that every issued and unissued share of HK\$0.1 each in the capital of the Company was sub-divided into 10 shares of HK\$0.01 each. After the share sub-division, the authorised share capital of the Company became HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each and the shares held by Triglobal, Luxuriant Global and Ascent Way above became 40 shares, 40 shares and 20 shares, respectively.

On 14 March 2013, each of Triglobal and Luxuriant Global transferred 40 shares of the Company to Z Strategic, as detailed in note 2(iv).

On 19 March 2013, the Company allotted and issued 25,000,000 shares and 6,250,000 shares, all credited as fully paid at a premium, to Z Strategic and Ascent Way, respectively, as the consideration for the acquisition of the entire issued share capital of Orient Apex from Z Strategic and Ascent Way.

Pursuant to the shareholders' resolutions passed on 19 March 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of additional 4,962,000,000 shares of HK\$0.01 each.

22. RESERVES

Share premium represents the excess of consideration received over the nominal value of shares allotted.

Merger reserve represents the difference between the nominal value of the share capital of Zebra SOS held by the Group and the nominal value of the share capital of Orient Apex.

23. BANKING FACILITIES

At 31 March 2011 and 2012, one of the subsidiaries had banking facilities of approximately HK\$11,700,000 in aggregate. The Group borrowed approximately HK\$7,000,000 and nil from banks during the year ended 31 March 2011 and 2012 respectively. Balance of approximately HK\$4,495,826 and HK\$4,099,682 were outstanding as at 31 March 2011 and 2012 respectively.

At 30 September 2012, one of the subsidiaries had banking facilities of approximately HK\$12,200,000 in aggregate. The Group did not borrow any revolving loan or instalment loan from banks during the period and had net proceeds of bill payables of HK\$2,000,000 from a bank as at 30 September 2012. Balance of approximately HK\$5,895,599 was outstanding as at 30 September 2012.

The revolving loan for the Relevant Periods is guaranteed by the following:

- (a) joint and several personal guarantees to the extent of HK\$4,000,000 by the directors of the Company, namely Mr. Chang, and Mr. Kung; and
- (b) a guarantee of HK\$3,200,000 issued by The Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme.

The instalment loan and available advance against receivables facilities for the Relevant Periods are guaranteed by the following:

- (a) joint and several personal guarantees to the extent of HK\$4,000,000 by the directors of the Company, namely Mr. Chang, and Mr. Kung; and
- (b) a guarantee of HK\$3,200,000 issued by The Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme.

An available overdraft facility for the Relevant Periods is secured by the following:

- (a) charges over deposit of at least HK\$500,000 or its equivalent in other currencies (note 17); and
- (b) joint and several personal guarantees to the extent of HK\$4,620,000 by the directors of the Company, namely Mr. Chang, and Mr. Kung.

Another available overdraft and available advance against receivables facilities are jointly and severally guaranteed by the directors of the Company, namely Mr. Chang, and Mr. Kung to the extent of HK\$3,500,000 for the years ended 31 March 2011 and 2012 and HK\$4,000,000 for the six months ended 30 September 2012.

24. RELATED PARTY TRANSACTIONS

- (a) During the Relevant Periods, the Group entered into the following transactions:

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$
			(unaudited)	
Service income received from a related party	72,000	72,000	36,000	36,000

During the years ended 31 March 2011 and 2012 and the six months ended 30 September 2011 and 2012, the Group received service income from a related party in which Mr. Chang and Mr. Pan are common directors. On 16 August 2012, Mr. Chang resigned as a director of the related party.

- (b) Compensation of key management personnel

	For the year ended 31 March		For the six months ended 30 September	
	2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$
			(unaudited)	
Total remuneration of directors during the year/period				
– Fees, salaries and staff welfare benefits (short-term employee benefits)	492,000	582,000	246,000	427,000

The directors consider that other than themselves, the Group had no other key management personnel.

25. MAJOR NON-CASH TRANSACTIONS

The 2010 final dividend of HK\$1,700,000 and 2011 interim dividend of HK\$1,000,000 were not paid but settled through the current accounts maintained with the then shareholders of Zebra SOS.

The deposit of HK\$150,000 paid on or before 31 March 2012 formed part of the addition of property, plant and equipment during the six months ended 30 September 2012. And a portion of HK\$1,150,000 of the addition of property, plant and equipment is financed through an arrangement of finance lease during the six months ended 30 September 2012.

26. OPERATING LEASE COMMITMENTS

Future minimum lease payments under a non-cancellable operating lease in respect of rented premise are payable as follows:

	As at 31 March		As at 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Within one year	966,000	966,000	517,883
In the second to fifth years	1,000,883	34,883	–
	<u>1,966,883</u>	<u>1,000,883</u>	<u>517,883</u>

The Group leases its office premise under an operating lease. The lease runs for an initial period of three years. The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

27. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the directors. The Group does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities recognised in the consolidated statements of financial position at the reporting date may also be categorised as follows (see notes 3.5 and 3.7 for explanations on how the category of financial instruments affects their subsequent measurement):

	As at 31 March		As at 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Financial assets			
Loans and receivables:			
Trade receivables	19,527,244	23,630,488	29,913,468
Deposits and other receivables	350,073	321,354	300,410
Amounts due from directors	1,195,822	2,995,822	4,115,963
Amount due from a related company	8,655	11,810	14,810
Pledged bank deposits	500,000	500,000	500,000
Cash at banks	9,331,610	4,426,297	6,472,094
	<u>30,913,404</u>	<u>31,885,771</u>	<u>41,316,745</u>

	As at 31 March		As at 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Financial liabilities			
Non-current			
Financial liabilities at amortised cost:			
Obligation under a finance lease	–	–	847,172
Current			
Financial liabilities at amortised cost:			
Accrued expenses and other payables	15,160,095	14,538,958	19,083,193
Bank borrowings	4,495,826	4,099,682	5,895,599
Obligation under a finance lease	145,797	–	261,210
	<u>19,801,718</u>	<u>18,638,640</u>	<u>25,240,002</u>
	<u>19,801,718</u>	<u>18,638,640</u>	<u>26,087,174</u>

Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal as most of the transactions are conducted in HK\$.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates principally to its cash at banks and interest-bearing bank borrowings. The Group's policy is to minimise interest rate risk exposure. To achieve this, the Group regularly assesses and monitors its needs for cash with reference to its business plans and day-to-day operations. The cash at banks and interest-bearing bank borrowings bear floating interest rates and are denominated in HK\$. The interest rates and/or terms of repayment of cash at banks and interest-bearing bank borrowings of the Group are disclosed in notes 17 and 19, respectively. The Group currently does not have an interest rate hedging policy. Interest rate risk arising from cash and cash equivalents is disclosed in note 17.

The following table illustrates the sensitivity of the Group's profit for the years ended 31 March 2011 and 2012 and the six months ended 30 September 2012, and other components of equity at those dates due to a possible change with same magnitude in interest rates on its floating rate cash at banks and bank borrowings with all other variables held constant at each reporting date:

	For the year ended 31 March		For the six months ended 30 September
	2011	2012	2012
	HK\$	HK\$	HK\$
Increase/(Decrease) in profit for the year/period and retained profits			
Increase/Decrease in basis points ("bp")			
+50 bp	30,000	8,000	5,000
–50 bp	(30,000)	(8,000)	(5,000)

The above sensitivity analysis is prepared based on the assumption that the cash at banks and bank borrowings as at reporting dates existed throughout the whole respective financial year/period.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rates over the next twelve months period.

Credit risk

The Group's financial assets are summarised in the note above.

As at 31 March 2011 and 2012 and 30 September 2012, approximately 84%, 83% and 80%, respectively, of the Group's trade receivables were due from two customers, the sales to each of whom accounted for more than 10% of the Group's revenue during each of the Relevant Periods. The Group has been actively seeking new customers to reduce the risk of over-reliance on those customers. Please refer to note 14 for further details of the Group's exposures to credit risk on trade receivables.

The Group continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the Relevant Periods and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

The Company's bank balances are all deposited with licenced banks in Hong Kong.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of accrued expenses, other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group during the Relevant Periods and are considered by the directors to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 March 2011 and 2012 and 30 September 2012. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group is required to pay, that is if the banks were to invoke the unconditional rights to call the loans with immediate effect.

	As at 31 March 2011				Carrying amount HK\$
	Within 3 months or on demand HK\$	More than 3 months but less than 1 year HK\$	More than 1 year but less than 5 years HK\$	Total undiscounted amount HK\$	
Accrued expenses and other payables	15,160,095	–	–	15,160,095	15,160,095
Bank borrowings	4,495,826	–	–	4,495,826	4,495,826
Obligation under a finance lease	49,317	115,073	–	164,390	145,797
	<u>19,705,238</u>	<u>115,073</u>	<u>–</u>	<u>19,820,311</u>	<u>19,801,718</u>

	As at 31 March 2012				Carrying amount HK\$
	Within 3 months or on demand HK\$	More than 3 months but less than 1 year HK\$	More than 1 year but less than 5 years HK\$	Total undiscounted amount HK\$	
Accrued expenses and other payables	14,538,958	–	–	14,538,958	14,538,958
Bank borrowings	4,099,682	–	–	4,099,682	4,099,682
	<u>18,638,640</u>	<u>–</u>	<u>–</u>	<u>18,638,640</u>	<u>18,638,640</u>

	As at 30 September 2012				Carrying amount HK\$
	Within 3 months or on demand HK\$	More than 3 months but less than 1 year HK\$	More than 1 year but less than 5 years HK\$	Total undiscounted amount HK\$	
Accrued expenses and other payables	19,083,193	–	–	19,083,193	19,083,193
Bank borrowings	5,895,599	–	–	5,895,599	5,895,599
Obligation under a finance lease	81,939	245,817	928,642	1,256,398	1,108,382
	<u>25,060,731</u>	<u>245,817</u>	<u>928,642</u>	<u>26,235,190</u>	<u>26,087,174</u>

The table below summarises the maturity analysis of the bank borrowings with repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the “on demand” time band in the above maturity analysis. Taking into account the Group’s financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates as set out in the respective loan agreements.

	Within 3 months or on demand HK\$	More than 3 months but less than 1 year HK\$	More than 1 year but less than 5 years HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
Bank borrowings subject to repayment on demand clause based on scheduled repayments:					
As at 31 March 2011	3,136,294	336,575	1,159,307	4,632,176	4,495,826
As at 31 March 2012	3,124,007	336,575	710,541	4,171,123	4,099,682
As at 30 September 2012	<u>5,122,589</u>	<u>336,575</u>	<u>486,158</u>	<u>5,945,322</u>	<u>5,895,599</u>

28. FAIR VALUE MEASUREMENTS

The fair values of the Group's current financial assets and liabilities at amortised cost are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The gearing ratios of the Group as at 31 March 2011 and 2012 and 30 September 2012 were as follows:

	As at 31 March		As at
	2011	2012	30 September
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Borrowings and obligation under a finance lease	4,641,623	4,099,682	7,003,981
Equity	10,192,805	14,882,587	17,700,154
Gearing ratio	45.5%	27.6%	39.6%

In the opinion of the directors, the Group's gearing ratio is maintained at an optimal level having considered the projected capital expenditures and the projected strategic investment opportunities.

30. CONTINGENT LIABILITIES

At the end of each of the years/period during the Relevant Periods, the Group did not have any significant contingent liabilities.

31. SUBSEQUENT EVENTS

Pursuant to the shareholders' resolutions passed on 19 March 2013, and subject to the conditions as set out in the section headed "Share Option Scheme" in Appendix V to the Prospectus, the share option scheme of the Company was approved, the principal terms of which are set out in the section headed "Share Option Scheme" in Appendix V to the Prospectus.

Subsequent to the reporting date, with the consent of Ascent Way, on 19 March 2013, the board of directors of Orient Apex declared a dividend in the sum of HK\$3,000,000 to Z Strategic.

Save as disclosed above and elsewhere in this report, no other significant events took place subsequent to 30 September 2012.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 30 September 2012.

Yours faithfully

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate Number P05057

25th Floor, Wing On Centre

111 Connaught Road Central, Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about how the proposed listing might have affected the consolidated net tangible assets of the Group after the completion of the Placing as if the Placing had taken place on 30 September 2012.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position.

Although reasonable care has been exercised in preparing the said information, prospectus investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial positions of the financial periods concerned or any future periods.

The information set forth in this appendix does not form part of the accountants' report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the accountants' report set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Placing as if it had taken place on 30 September 2012. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial position of the Group after the Listing or at any future dates.

The unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2012 is based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2012 as shown in the accountants' report set out in Appendix I to this prospectus and the adjustments described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2012 HK\$'000 (Note 1)	Estimated net proceeds of the Placing HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share HK\$ (Note 3)
Based on the Placing Price of HK\$0.41 per Placing Share	<u>17,700</u>	<u>21,343</u>	<u>39,043</u>	<u>0.098</u>

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2012 is extracted from the accountants' report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds of the Placing are based on 75,000,000 New Shares and the Placing Price of HK\$0.41 per Share, after deduction of the underwriting commission and other related expenses payable by the Company. No account has been taken of any Shares which may be allotted or issued or repurchased by the Company pursuant to general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Placing and the Capitalisation Issue. It does not take into account any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus or otherwise.
- (4) The unaudited pro forma adjusted consolidated net tangible assets and the unaudited pro forma adjusted consolidated net tangible assets per Share have not taken into account the dividend declared for payment to eligible Shareholders amounting to HK\$3,000,000, which was settled on 20 March 2013. The unaudited pro forma net tangible assets per Share would have been reduced to HK\$0.090 per Share, based on the Placing Price of HK\$0.41 per Placing Share, after taking into account the payment of the dividend in the sum of HK\$3,000,000.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2012 in the computation of the unaudited pro forma adjusted consolidated net tangible assets.

(B) LETTER FROM THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in relation to the Group's unaudited pro forma financial information.



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香港干諾道中111號
永安中心25樓

28 March 2013

The Directors
Zebra Strategic Holdings Limited
Messis Capital Limited

Dear Sirs,

Accountants' report on the unaudited pro forma financial information of Zebra Strategic Holdings Limited

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Zebra Strategic Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out under the section headed "Unaudited Pro Forma Financial Information" in Appendix II of the prospectus of the Company dated 28 March 2013 (the "Prospectus"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed Placing might have affected the relevant financial information presented, for inclusion in section A of appendix II of the Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out under the section headed "Unaudited Pro Forma Financial Information" in Appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the sole responsibility of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion as required by rule 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the audited net assets of the Group as of 30 September 2012 with the accountants’ report as set out in Appendix I of the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial positions of the Group as at 30 September 2012 or any future dates.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Yours faithfully
BDO Limited
Certified Public Accountants
Tsui Ka Che, Norman
Practising Certificate Number P05057
Hong Kong

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this prospectus received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 January 2013 of the property interests held by our Group.



Asset Appraisal Limited
中誠達資產評估顧問有限公司

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28 March 2013

The Board of Directors
Zebra Strategic Outsource Solution Limited

Dear Sirs,

Re: Valuation of Property Interests situated in Hong Kong

In accordance with the instructions from Zebra Strategic Outsource Solution Limited (the “Company”) to value the property interests (the “Property”) held by the Company or its subsidiaries (altogether referred to as the “Group”) situated in Hong Kong, we confirm that we have carried out inspections of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 January 2013 (the “date of valuation”).

BASIS OF VALUATION

Our valuation of the Property represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

TITLESHIP

We have carried out title search for the Property in the Land Registry. However, we have not verified ownership of the Property and the existence of any encumbrances that would affect ownership of them.

All disclosure herein in relation to legal ownership of the Property is for reference purpose only.

VALUATION METHODOLOGY

The Property is valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

The Property which are being rented by the Group have no commercial value due either to the non-assignable nature of the leasehold interest held by the Group or the lack of substantial profit rent.

ASSUMPTIONS

Our valuation has been made on the assumption that the Group rents the Property on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the Property but have assumed that the areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have inspected the exterior and, where possible, the interior of the buildings and structures of the Property. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Our valuation certificate is attached herewith.

Yours faithfully,
FOR AND ON BEHALF OF
Asset Appraisal Limited
Tse Wai Leung
MFin BSc MRICS MHKIS RPS (GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property leased by the Group

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2013
5th Floor, Chinachem Century Tower, No. 178 Gloucester Road, Hong Kong	<p>The property comprises the whole office space on 5th floor within a 31-storey commercial building completed in about 1995.</p> <p>The gross floor area of the property is approximately 3,500 square feet.</p> <p>The property is held by the Group under a tenancy agreement for a term of 3 years commencing on 14 May 2010 and expiring on 13 May 2013 at a monthly rent of HK\$80,500 (exclusive of government rates, management fee and air-conditioning charges).</p>	The property is currently being occupied by the Group as offices.	No commercial value

Notes:

1. Pursuant to a tenancy agreement entered into between Cheong Ming Investment Company Limited (“Cheong Ming”) and Zebra Strategic Outsource Solution Limited (“Zebra SOS”) on 4 June 2010, the property is leased by Zebra SOS from Cheong Ming for a term of 3 years commencing on 14 May 2010 and expiring on 13 May 2013 at a monthly rent of HK\$80,500.00 (exclusive of government rates, management fee and air-conditioning charges) for office uses.
2. The registered owner of the property is Cheong Ming, an independent third party. The property is held under a Government Lease for a term of 99 years renewable for 99 years commencing on 1 July 1927.
3. The property is subject to mortgage to secure general banking facilities in favour of Banque Nationale De Paris vide memorial no. UB6933164 dated 5 February 1997.
4. The property lies within an area that has been zoned “Commercial” under the Draft Wan Chai Outline Zoning Plan No. S/H5/27.

Set out below is a summary of certain provisions of the Memorandum and the Articles and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 February 2012 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. THE MEMORANDUM

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. THE ARTICLES

The Articles were adopted on 19 March 2013 to take effect on the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum, the Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles), the Memorandum and the Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or

revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss accounts (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf

of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of

shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise

the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution

amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which

would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as

treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 20 March 2012.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

- (a) Our Company was incorporated in the Cayman Islands as an exempted limited liability company under the Companies Law on 24 February 2012. Our Company has established its principal place of business in Hong Kong at 5th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong and has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Mr. Chang of Room 1877, Tower 14, Hong Kong Parkview, 88 Tai Tam Reservoir Road, Hong Kong has been appointed to accept service of process and notices on behalf of our Company in Hong Kong.
- (b) As our Company was incorporated in the Cayman Islands, our corporate structure, the Memorandum and the Articles are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of the Memorandum, the Articles and certain aspects of the Cayman Islands company law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of incorporation was HK\$380,000 divided into 3,800,000 Shares of par value of HK\$0.10 each. The following sets out the changes in our share capital since the date of our incorporation:

- (a) On 24 February 2012, our Company allotted and issued one share of HK\$0.1 each, credited as fully paid at par, to an Independent Third Party as the initial subscriber, who transferred the same Share to Triglobal on the same date.
- (b) On 24 February 2012, our Company allotted and issued three shares, four shares and two shares, all of HK\$0.1 each and credited as fully paid at par, to Triglobal, Luxuriant Global and Ascent Way respectively.
- (c) On 12 April 2012, our Company underwent a share sub-division such that every issued and unissued Share of HK\$0.1 each in the capital of our Company was sub-divided into ten Shares of HK\$0.01 each. After the share sub-division, the authorised share capital of our Company became HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each and the Shares held by Triglobal, Luxuriant Global and Ascent Way under (b) above became 40 Shares, 40 Shares and 20 Shares respectively.
- (d) On 14 March 2013, each of Triglobal and Luxuriant Global transferred 40 Shares to Z Strategic and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued one share to each of Mr. Chang and Mr. Kung as fully paid at a premium.

- (e) On 19 March 2013, in consideration of the transfers of 8,800 and 2,200 shares of Orient Apex by Z Strategic and Ascent Way to our Company respectively, our Company allotted and issued 25,000,000 Shares and 6,250,000 Shares, all credited as fully paid at a premium, to Z Strategic and Ascent Way respectively.
- (f) On 19 March 2013, the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of additional 4,962,000,000 new Shares under a resolution passed by our Shareholders as referred to in the paragraph headed “Resolutions of our Shareholders” in this appendix.

The authorised share capital of our Company is HK\$50,000,000 divided into 5,000,000,000 Shares. Assuming that the Placing becomes unconditional, the Shares under the Capitalisation Issue and the Placing are issued, immediately upon completion of the Capitalisation Issue and the Placing but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid, and 4,600,000,000 Shares will remain unissued.

Other than shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, our Company does not have any present intention to issue any Shares out of the authorised but unissued share capital of our Company.

3. Changes in share capital of our subsidiaries

Our subsidiaries are referred to in the accountants’ report set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years preceding the date of this prospectus.

Orient Apex

On 2 December 2011, Orient Apex was incorporated in the BVI as a business company. Orient Apex is authorised to issue a maximum of 50,000 shares of a single class of a par value of US\$1.00. On the date of its incorporation, Orient Apex allotted and issued 5,000 shares, all credited as fully paid at par, to each of Triglobal and Luxuriant Global.

On 16 February 2012, in consideration of the transfers of 50,000 shares of Zebra SOS by each of Mr. Chang and Mr. Kung to Orient Apex, Orient Apex, at the directions of Mr. Chang and Mr. Kung, allotted and issued 500 shares, credited as fully paid at a premium, to each of Triglobal and Luxuriant Global.

On 17 February 2012, each of Triglobal and Luxuriant Global transferred 1,100 shares of Orient Apex to Ascent Way for a consideration of HK\$4,380,000, which was determined based on arm’s length negotiation between the relevant parties.

On 14 March 2013, each of Triglobal and Luxuriant Global transferred 4,400 shares of Orient Apex to Z Strategic and in consideration of which and at the directions of Triglobal and Luxuriant Global, Z Strategic allotted and issued one share to each of Mr. Chang and Mr. Kung as fully paid at a premium.

On 19 March 2013, pursuant to the Reorganisation Deed, Z Strategic and Ascent Way respectively transferred 8,800 and 2,200 shares of Orient Apex to our Company and in consideration of which our Company allotted and issued 25,000,000 Shares and 6,250,000 Shares, all credited as fully paid at a premium, to Z Strategic and Ascent Way respectively.

Zebra SOS

On 16 February 2012, each of Mr. Chang and Mr. Kung transferred his 50,000 shares of Zebra SOS to Orient Apex and in consideration of which and at the directions of Mr. Chang and Mr. Kung, Orient Apex allotted and issued 500 shares to each of Triglobal and Luxuriant Global as fully paid at a premium.

Save as disclosed in this prospectus, there had been no other alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Resolutions of our Shareholders

Under the resolutions of our Shareholders passed on 19 March 2013:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of additional 4,962,000,000 new Shares which shall, when issued and paid, rank *pari passu* in all respects with the existing issued Shares (other than participation in the Capitalisation Issue);
- (b) conditional upon the conditions stated in the paragraph headed “Conditions of the Placing” under the section headed “Structure and conditions of the Placing” in this prospectus being fulfilled:
 - (i) the Placing on the terms and conditions of this prospectus at the Placing Price was approved and our Directors were authorised to allot and issue such number of new Shares forming part of the Placing Shares, and where applicable, to approve the transfer of such number of Sale Shares, in connection with the Placing as they deemed fit, on the terms and subject to the conditions as stated in this prospectus;

- (ii) conditional further on the Listing Division granting the listing of, and the permission to deal in, such number of Shares which may be allotted and issued upon the exercise in full of the options which may be granted under the Share Option Scheme, the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee of our Board were authorised, at their sole discretion, to make such further changes to the Share Option Scheme as requested by the Stock Exchange and which they deemed necessary and/or desirable and at their absolute discretion to grant options to subscribe for the Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme and to allot, issue and deal with the Shares under the exercise of any options which may be granted under the Share Option Scheme and to take all such action as they may consider necessary, desirable and/or expedient to implement or give effect to the Share Option Scheme;
- (c) subject to the share premium account of our Company being credited as a result of the issue of Placing Shares under the Placing, our Directors were authorised to allot and issue a total of 293,749,900 Shares credited as fully paid at par to each holder of the Shares whose names appear on the register of members of our Company at 4:00 p.m. on 19 March 2013 (or such other time as they may direct) in proportion to their shareholdings (save that no Shareholder shall be entitled to be allotted or issued by fraction of a Share) by way of capitalisation of the sum of HK\$2,937,499 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued under this resolution shall rank *pari passu* in all respects with the existing issued Shares;
- (d) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with the Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive the Shares) which might require the Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, other than under (i) a Rights Issue (as defined below); (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of the Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Articles; (iii) any specific authority granted by our Shareholders in general meeting; or (iv) the exercise of any options which may be granted under the Share Option Scheme, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalisation Issue and the Placing;

- (e) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which was recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalisation Issue and the Placing, excluding any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme;
- (f) the general unconditional mandate as mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors under such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company under the mandate to repurchase Shares as referred to in paragraph (e) above; and
- (g) the Articles were approved and adopted with effect from the Listing Date.

For the purposes of paragraph (d) above, “Rights Issue” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for the Shares open for a period fixed by our Directors to holders of the Shares whose names appear on the register of members of our Company (and, where appropriate, to holders of other securities of our Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as our Directors may deem necessary or expedient (but in compliance with the relevant provisions of the GEM Listing Rules) in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to our Company).

Each of the general mandates referred to in paragraphs (d) and (e) above will remain in effect until the earliest of (i) the conclusion of our Company’s next annual general meeting; (ii) the expiration of the period within which our Company’s next annual general meeting is required by the Articles or any applicable laws of the Cayman Islands to be held; and (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

5. Corporate reorganisation

In preparation for the Placing, we undertook the Reorganisation to rationalise the business and structure of our Group, details of which are set out in the section headed “History and development” in this prospectus.

6. Repurchase of our own securities

This paragraph includes information relating to the repurchase of our Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit our Shareholders to grant to our Directors the general mandate to repurchase our Shares which are listed on the Stock Exchange. The general mandate to repurchase Shares is required to be given by way of an ordinary resolution passed by our Shareholders in general meeting.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 19 March 2013, our Directors were granted the general mandate to repurchase up to 10% of the aggregate nominal value of our Share in issue immediately following completion of the Capitalisation Issue and the Placing (excluding any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which our securities may be listed and which was recognised by the SFC and the Stock Exchange for this purpose. The general mandate to repurchase Shares will expire at the earliest of (i) the conclusion of our Company's next annual general meeting, (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting (the "Relevant Period").

(c) Source of funds

Repurchase of our Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, we may make repurchases out of our profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of our Shares to be repurchased must be out of profits of our Company or out of our Company's share premium account. Subject to the Companies Law, repurchase may also be made out of capital.

(d) Reasons for repurchases

Our Directors believe that it is in our and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made where our Directors believe that the repurchases will benefit us and our Shareholders.

(e) Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules, the Companies Law and other applicable laws of the Cayman Islands. On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the general mandate to repurchase Shares were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(f) Share capital

The exercise in full of the current general mandate to repurchase Shares, on the basis of 400,000,000 Shares in issue immediately after the Capitalisation Issue and the Placing (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in up to 40,000,000 Shares being repurchased by us during the Relevant Period.

(g) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they shall exercise the general mandate to repurchase Shares in accordance with the GEM Listing Rules and the laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a Shareholder's proportionate interest in our voting rights is increased, the increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

No connected person of our Company has notified us that he or she or it has a present intention to sell his or her or its Shares to us, or has undertaken not to do so, if the general mandate to repurchase Shares is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within the two years preceding the date of this prospectus which are or may be material:

- (a) the Reorganisation Deed dated 19 March 2013 entered into between our Company, Mr. Chang, Mr. Kung, Z Strategic, Mr. Pan and Ascent Way in relation to the transfers of 8,800 and 2,200 shares of Orient Apex from Z Strategic and Ascent Way to our Company respectively;
- (b) the Deed of Indemnity dated 19 March 2013 given by Mr. Chang, Mr. Kung and Z Strategic in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time) regarding certain indemnities as more particularly set out in the paragraph headed “Tax and other indemnity” in this appendix;
- (c) the Deed of Non-competition dated 19 March 2013 given by Mr. Chang, Mr. Kung and Z Strategic in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time) regarding the non-competition undertaking as more particularly set out in the section headed “Controlling, substantial and significant Shareholders” in this prospectus; and
- (d) the Underwriting Agreement dated 27 March 2013 entered into between our Company, our executive Directors, our Controlling Shareholders, the Sponsor, the Joint Bookrunners and the Underwriters in relation to the underwriting of the Placing Shares by the Underwriters as referred to in the section headed “Underwriting” in this prospectus.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks:

Trademark	Class (Note)	Trademark number	Owner	Place of registration	Expiry date
	35	300178155AA	Zebra SOS	Hong Kong	14 March 2014
					
	35	300178155AB	Zebra SOS	Hong Kong	14 March 2014
	42	301481751	Zebra SOS	Hong Kong	22 November 2019

Note:

Class	Specification of goods/services in Hong Kong
Class 35	human sources management services; human resources outsource services; assistance relating to recruitment and placement of staff; recruitment agency services; employment agency services; human resources management consultancy services; providing information relating to recruitment of personnel, employment, employment advertising and recruitment services; employee benefit consulting services; staff recruitment services and staff consulting relating to the selection of candidates in staff recruitment; management advice relating to the placing of staff; management advice relating to the recruitment of staff; management of business offices for others; all included in Class 35
Class 42	design and development of computer hardware and software

(b) Domain names

As at the Latest Practicable Date, we had registered the following domain names:

Domain name	Owner	Expiry date
zebrasos.com	Zebra SOS	28 February 2022
zebra.com.hk	Zebra SOS	8 September 2015
zebra.hk	Zebra SOS	26 February 2016

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Interest and/or short positions of our Directors in the equity or debt securities of our Company and our associated corporations

Immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the interests of our Directors and chief executives of our Company in the equity or debt securities of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or under Rules 5.54 to 5.68 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed on the Stock Exchange will be as follows:

Name of Director	Nature of interest	Number of Shares ^(Note 1)	Percentage of interests in our Company immediately following completion of the Capitalisation Issue and the Placing
Mr. Chang	Interest in controlled corporation	235,000,000 ^{(L)(Note 2)}	58.75%
Mr. Kung	Interest in controlled corporation	235,000,000 ^{(L)(Note 2)}	58.75%
Mr. Pan	Interest in controlled corporation	65,000,000 ^{(L)(Note 3)}	16.25%

Notes:

- The letter “L” denotes the Director’s long position in the Shares.
- These 235,000,000 Shares are held by Z Strategic, which in turn is wholly and beneficially owned by Mr. Chang and Mr. Kung in equal shares. As such, each of Mr. Chang and Mr. Kung is deemed under the SFO to be interested in these 235,000,000 Shares held by Z Strategic upon Listing.
- These 65,000,000 Shares are held by Ascent Way, which in turn is wholly and beneficially owned by Mr. Pan. As such, Mr. Pan is deemed under the SFO to be interested in these 65,000,000 Shares held by Ascent Way upon Listing.

2. Interest and/or short positions discloseable under the SFO and our substantial shareholders

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons (not being our Directors and chief executives of our Company) will have an interest and/or short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

Name of entity	Company concerned	Nature of interest	Number of Shares ^(Note 1)	Percentage of interests in our Company immediately following completion of the Capitalisation Issue and the Placing
Z Strategic	Our Company	Beneficial owner	235,000,000 ^(L)	58.75%
Ascent Way	Our Company	Beneficial owner	65,000,000 ^(L)	16.25%
Tong Shing Ann, Sharon ^(Note 2)	Our Company	Interest of spouse	235,000,000 ^(L)	58.75%
Lee Man Ching ^(Note 3)	Our Company	Interest of spouse	235,000,000 ^(L)	58.75%
Liu Ming Lai ^(Note 4)	Our Company	Interest of spouse	65,000,000 ^(L)	16.25%

Notes:

- The letter "L" denotes the entity's long position in the Shares.
- Ms. Tong Shing Ann, Sharon, the spouse of Mr. Chang, is deemed under the SFO to be interested in these 235,000,000 Shares in which Mr. Chang is deemed to be interested upon Listing.
- Ms. Lee Man Ching, the spouse of Mr. Kung, is deemed under the SFO to be interested in these 235,000,000 Shares in which Mr. Kung is deemed to be interested upon Listing.
- Ms. Liu Ming Lai, the spouse of Mr. Pan, is deemed under the SFO to be interested in these 65,000,000 Shares in which Mr. Pan is deemed to be interested upon Listing.

3. Particulars of service contracts

(a) *Executive Directors*

Each of our executive Directors has entered into a service contract with our Company under which he has agreed to act as our executive Director for an initial term of three years commencing on the Listing Date. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Mr. Chang, being one of our executive Directors, is entitled to a director's fee of HK\$70,000 per month and Mr. Kung, another executive Director, shall not receive any director's fee unless he resumes working for our Group on a full-time basis. Each of our executive Directors is entitled to a discretionary bonus as may be decided by our Board in its sole discretion at the recommendation of the remuneration committee of our Company. The aggregate annual fee of our executive Directors is HK\$840,000.

(b) *Non-executive Director and independent non-executive Directors*

Each of our non-executive Director and independent non-executive Directors has entered into an appointment letter with our Company on an initial term of three years commencing on the Listing Date. Mr. Pan, being our non-executive Director, shall not receive any director's fee whereas each of our independent non-executive Directors is entitled to a director's fee of HK\$10,000 per month. The aggregate annual fees payable to our independent non-executive Directors under the appointment letters is HK\$360,000.

(c) *Remuneration of Directors*

- (i) The aggregate amount of remuneration paid and benefits in kind granted to our Directors for the year ended 31 March 2012 was approximately HK\$570,000.
- (ii) Under the arrangements currently in force, the aggregate remuneration payable to and benefits in kind received by our Directors in respect of the financial year ending 31 March 2013 is estimated to be HK\$845,500.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

4. Fees or commissions received

As at the Latest Practicable Date, Mr. Pan owned indirectly approximately 81.76% of the issued share capital in Astrum, which is one of the Joint Bookrunners and an Underwriter and will receive an underwriting commission under the Placing, further information on which is set out in the paragraph headed "Commission and expenses" in the section headed "Underwriting" in this prospectus.

Save as disclosed above, none of our Directors nor any of the persons whose names are listed in the paragraph headed "Consents" in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of our Company or any of our subsidiaries from our Company within the two years preceding the date of this prospectus.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted under the resolutions of our Shareholders passed on 19 March 2013:

1. Conditions

- (a) The Share Option Scheme is conditional upon:
 - (i) the Listing Division granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit (as defined in paragraph 7(b)) to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and
 - (ii) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of our Shareholder(s).
- (b) If the conditions referred to in paragraph 1(a) are not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.
- (c) Reference in paragraph 1(a)(i) to the Listing Division formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

2. Purpose, duration and administration

- (a) The purpose of the Share Option Scheme is to enable our Group to grant options to the Eligible Participants (as defined in paragraph 3(a) below) as incentives or rewards for their contribution to our Group.
- (b) The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or their interpretation or effect shall (save for the grant of options referred to in paragraph 3(b) which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.
- (c) Subject to paragraphs 1 and 13, the Share Option Scheme shall be valid and effective until the close of business of our Company on the date falling on the last day of the period of ten (10) years after the Adoption Date, after which

period no further options may be issued but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

- (d) An Eligible Participant who accepts the offer in accordance with the terms of the Share Option Scheme or (where the context so permits and as referred to in paragraph 5(d)(i)) his personal representative (the “Grantee”) shall ensure that the acceptance of an offer, the holding and exercise of his option in accordance with the Share Option Scheme, the allotment and issue of Shares to him upon the exercise of his option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. Our Directors may, as a condition precedent of making an offer and allotting Shares upon an exercise of an option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

3. Grant of options

- (a) Subject to paragraph 3(b), our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an offer to any person belonging to the following classes of participants (the “Eligible Participants”) to subscribe, and no person other than the Eligible Participant named in such offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange for the time being or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of an option, as determined in accordance with paragraph 4 (the “Subscription Price”), as our Directors shall, subject to paragraph 3, determine:
 - (i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of our Company, any subsidiary or any entity in which any member of our Group holds any equity interest (the “Invested Entity”);
 - (ii) any non-executive directors (including independent non-executive directors) of our Company, any subsidiary or any Invested Entity;
 - (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
 - (iv) any customer of any member of our Group or any Invested Entity;

- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly-owned by one or more Eligible Participants.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

- (b) Without prejudice to paragraph 7(d) below, the making of an offer to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an option).
- (c) The eligibility of any of the Eligible Participants to an offer shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.
- (d) An offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as our Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the option and the "Option Period" (which means, in respect of any particular option, a period (which shall not be more than ten years from the offer date of that option) to be determined and notified by our Directors to the Grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such option lapses under the provisions of paragraph 6; and (ii) ten years from the offer date of that option) in respect of which the offer is made and further requiring the Eligible Participant to undertake to hold the option on the terms on which it is to be

granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the offer date.

- (e) An offer shall state, in addition to the matters specified in paragraph 3(d), the following:
 - (i) the name, address and position of the Eligible Participant;
 - (ii) the number of Shares under the option in respect of which the offer is made and the Subscription Price for such Shares;
 - (iii) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the option comprised in the offer;
 - (iv) the last date by which the offer must be accepted (which may not be later than 21 days from the offer date);
 - (v) the procedure for acceptance;
 - (vi) the performance target(s) (if any) that must be attained by the Eligible Participant before any option can be exercised;
 - (vii) such other terms and conditions of the offer as may be imposed by our Directors as are not inconsistent with the Share Option Scheme; and
 - (viii) a statement requiring the Eligible Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme including, without limitation, the conditions specified in, *inter alia*, paragraphs 2(d) and 5(a).
- (f) An offer shall have been accepted by an Eligible Participant in respect of all Shares under the option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.
- (g) Any offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange for the time being or an integral multiple thereof and such number

is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such Eligible Participant and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

- (h) Upon an offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 3(f) or 3(g), an option in respect of the number of Shares in respect of which the offer was so accepted will be deemed to have been granted by our Company to such Eligible Participant on the offer date. To the extent that the offer is not accepted within the time specified in the offer in the manner indicated in paragraph 3(f) or 3(g), it will be deemed to have been irrevocably declined.
- (i) The Option Period of an option may not expire later than ten (10) years after the Offer Date of that Option.
- (j) Options will not be listed or dealt in on the Stock Exchange.
- (k) For so long as the Shares are listed on the Stock Exchange:
 - (i) our Company may not grant any options after inside information has come to our knowledge until we have announced the information. In particular, we may not grant any option during the period commencing one month immediately before the earlier of:
 - (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (bb) the deadline for our Company to announce our results for any year, half-year or quarter-year period in accordance with the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),and ending on the date of the results announcement; and
 - (ii) our Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares pursuant to Rules 5.54 to 5.68 of the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

4. Subscription Price

The Subscription Price in respect of any option shall, subject to any adjustments made pursuant to paragraph 8, be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
- (c) the nominal value of the Share, except that for the purpose of calculating the Subscription Price under paragraph 4(b) above for an option offered within five business days of the Listing Date, the price at which the Shares are to be offered for subscription under the Placing shall be used as the closing price for any business day falling within the period before the Listing Date.

5. Exercise of options

- (a) An option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle our Company to cancel any option granted to such Grantee to the extent not already exercised.
- (b) Unless otherwise determined by our Directors and stated in the offer to a Grantee, a Grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.
- (c) Subject to, *inter alia*, paragraph 2(d) and the fulfilment of all terms and conditions set out in the offer, including the attainment of any performance targets stated therein (if any), an option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 5(d) and 5(e) by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the option remains unexercised is less than one board lot or where the option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange for the time being or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 5(d)(iii)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the

independent financial advisers pursuant to paragraph 8, our Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of option by a personal representative pursuant to paragraph 5(d)(i), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative as aforesaid) a share certificate for every board lot of Shares so allotted and issued and a share certificate for the balance (if any) of the Shares so allotted and issued which do not constitute a board lot.

- (d) Subject as hereinafter provided, an option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
- (i) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the Grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as our Directors may determine or, if any of the events referred to in paragraph 5(d)(iii) or 5(d)(iv) occur during such period, exercise the option pursuant to paragraph 5(d)(iii) or 5(d)(iv) respectively;
 - (ii) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 6(a)(iv) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the Grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within such period as our Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 5(d)(iii) or 5(d)(iv) occur during such period, exercise the option pursuant to paragraph 5(d)(iii) or 5(d)(iv) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;

- (iii) if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all our Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the Grantee shall, notwithstanding any other terms on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to our Company in accordance with the provisions of paragraph 5(c) at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;

- (iv) in the event of a resolution being proposed for the voluntary winding-up of our Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two (2) business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 5(c) and our Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up; and

- (v) if the Grantee is a company wholly-owned by one or more Eligible Participants:
 - (aa) the provisions of paragraphs 5(d)(i), 5(d)(ii), 6(a)(iv) and 6(a)(v) shall apply to the Grantee and to the options granted to such Grantee, *mutatis mutandis*, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 5(d)(i), 5(d)(ii), 6(a)(iv) and 6(a)(v) shall occur with respect to the relevant Eligible Participant; and

- (bb) the options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly-owned by the relevant Eligible Participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.
- (e) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the “Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of our Company as the holder thereof.

6. Early termination of Option Period

- (a) The Option Period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall lapse on the earliest of:
 - (i) subject to paragraphs 2(c) and 13, the expiry of the Option Period;
 - (ii) the expiry of any of the periods referred to in paragraph 5(d);
 - (iii) the date of commencement of the winding-up of the Company;
 - (iv) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the Grantee or our Group or the Invested Entity into disrepute);
 - (v) in respect of a Grantee other than an Eligible Employee, the date on which our Directors shall at their absolute discretion determine that (aa) (1) such Grantee or his associate has committed any breach of any contract entered into between such Grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (2) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has

made any arrangement or composition with his creditors generally; or (3) such Grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; and (bb) the Option shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above; and

- (vi) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph 5(a) by the Grantee in respect of that or any other option.
- (b) A resolution of our Directors to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 6(a)(iv) or that any event referred to in paragraph 6(a)(v)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- (c) Transfer of employment of a Grantee who is an Eligible Employee from one member of our Group to another member of our Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant member of our Group not to be a cessation of employment of the Grantee.

7. Maximum number of Shares available for subscription

- (a) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option scheme adopted by our Group if the grant of such option will result in the limit referred to in this paragraph 7(a) being exceeded.
- (b) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, i.e. 40,000,000 Shares (the "General Scheme Limit") provided that:
 - (i) subject to paragraph 7(a) and without prejudice to paragraph 7(b)(ii), our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10% of the Shares in issue as at the

date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted; and

- (ii) subject to paragraph 7(a) and without prejudice to paragraph 7(b)(i), our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 7(b)(i) to Eligible Participants specifically identified by our Company before such approval is sought.

- (c) Subject to paragraph 7(d), the total number of Shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of our Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options to a Grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Grantee and his associates abstaining from voting.

- (d) Without prejudice to paragraph 3(b), where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK\$5 million;such further grant of options must be approved by our Shareholders in general meeting.

- (e) For the purpose of seeking the approval of our Shareholders under paragraphs 7(b), 7(c) and 7(d), our Company must send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

8. Adjustments to the Subscription Price

- (a) In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
- (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised);
 - (ii) the Subscription Price of any option;
 - (iii) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option, and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:
 - (aa) any such adjustment shall give the Grantee the same proportion of the issued share capital of our Company for which such Grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;
 - (bb) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
 - (cc) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - (dd) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time (including, without limitation, the “Supplemental Guidance on GEM Listing Rule 23.03(13) and the Note immediately after the Rule” attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

In respect of any adjustment referred to in this paragraph 8(a), other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

- (b) If there has been any alteration in the capital structure of our Company as referred to in paragraph 8(a), our Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 5(c), inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by our Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 8(a).
- (c) In giving any certificate under this paragraph 8, the auditors or the independent financial adviser appointed under paragraph 8(a) shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on our Company and all persons who may be affected thereby.

9. Cancellation of options

- (a) Subject to paragraph 5(a) and Chapter 23 of the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.
- (b) Where our Company cancels any option granted to a Grantee but not exercised and issues new option(s) to the same Grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the limits approved by our Shareholders pursuant to paragraph 7(b)(i) or 7(b)(ii).

10. Share capital

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient authorised but unissued share capital of our Company to allot and issue the Shares on the exercise of any option.

11. Disputes

Any dispute arising in connection with the number of Shares the subject of an option, or any adjustment under paragraph 8(a) shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

12. Alteration of the Share Option Scheme

- (a) Subject to paragraphs 12(b) and 12(d), the Share Option Scheme may be altered in any respect by a resolution of our Directors except that the provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules; shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of our Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of our Shareholders under the Articles for a variation of the rights attached to the Shares.
- (b) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (c) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.
- (d) The terms of the Share Option Scheme and/or any options amended pursuant to this paragraph 12 must comply with the applicable requirements of the GEM Listing Rules.

13. Termination

Our Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the options granted under the Share Option Scheme, being 40,000,000 Shares in total. As at the date of this prospectus, no option had been granted by our Company under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnity

Our Controlling Shareholders (together, the “Indemnifiers”) have entered into the Deed of Indemnity to provide the following indemnities in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time).

Under the Deed of Indemnity, the Indemnifiers will jointly and severally indemnify each member of our Group against (a) all damages, losses, claims which our Group may suffer or be imposed by any regulatory authorities or courts in Hong Kong or any applicable jurisdiction as a result of any violation or non-compliance by any members of our Group with any applicable laws, rules or regulations on all matters subsisting prior to the date on which the conditions stated in the paragraph headed “Conditions of the Placing” in the section headed “Structure and conditions of the Placing” in this prospectus being fulfilled (the “Effective Date”); (b) taxation, together with all reasonable costs, expenses or other liabilities which any member of our Group may incur in connection with (i) the investigation, assessment, contesting or settlement of any taxation claim under the Deed of Indemnity; (ii) any legal proceeding in relation to taxation claim in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any member of our Group; or (iii) the enforcement of any such settlement or judgment, falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things earned, accrued or received, entered into or occurring on or before the Effective Date; and (c) any liability for Hong Kong estate duty which might be incurred by any member of our Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Effective Date.

The Indemnifiers will, however, not be liable under the Deed of Indemnity where, among others, (a) allowance, provision or reserve has been made for taxation in the audited accounts of our Group for the two financial years ended 31 March 2011 and 2012 and the six months ended 30 September 2012 respectively; (b) the taxation claim arises as a result of the imposition of taxation as a consequence of any introduction of new legislation or any retrospective change in law or the interpretation or practice by the relevant tax authority coming into force after the Effective Date or to the extent that the taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; (c) any member of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or transactions entered into in the ordinary course of business on or before the Effective Date; or (d) taxation or liability would not have arisen but for any act or omission by any member of our Group voluntarily effected otherwise than in the ordinary course of business on or before the Effective Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands and the BVI.

2. Legal proceedings

During the Track Record Period and up to the Latest Practicable Date, no member of our Group had been engaged in any litigation, arbitration or claim of material importance, and as at the Latest Practicable Date, no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group which would have a material adverse effect on our business, result of operations or financial condition.

3. The Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

4. Preliminary expenses

The estimated preliminary expenses incurred or proposed to be incurred by our Company are approximately HK\$43,000 and are payable by our Company.

5. Promoters

Our Company has no promoter for the purpose of the GEM Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given to, or was proposed to be paid, allotted or given to, any promoter in connection with the Placing or the related transactions described in this prospectus.

6. Particulars of the Vendor

Name of the Vendor:	Z Strategic Investments Ltd.
Description:	A company incorporated in the BVI with limited liability on 5 March 2013 and an investment holding company with company number 1763124
Directors of the Vendor:	Mr. Chang and Mr. Kung
Shareholders of the Vendor:	Mr. Chang and Mr. Kung, each holding 50% of the issued share capital of the Vendor
Registered office of the Vendor:	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Tower, Tortola, BVI
Number of Shares to be offered by the Vendor for sale under the Placing:	25,000,000

7. Qualification of experts

The qualifications of the experts (as defined under the Companies Ordinance and the GEM Listing Rules) who have given their opinions or advice in this prospectus are as follows:

Name	Qualification
Messis Capital	Corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
BDO Limited	Certified Public Accountants
Asset Appraisal Limited	Property valuer
Pang & Co. in association with Loeb & Loeb LLP	Hong Kong legal advisers
Shu Jin Law Firm	PRC legal advisers
JE Legal LLC (an associated firm of Eversheds LLP)	Singaporean legal advisers
Michael Pang & Co.	Hong Kong independent legal advisers
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law

8. Consents

Each of Mesis Capital, BDO Limited, Asset Appraisal Limited, Pang & Co. in association with Loeb & Loeb LLP, Shu Jin Law Firm, JE Legal LLC (as associated firm of Eversheds LLP), Michael Pang & Co. and Conyers Dill & Pearman (Cayman) Limited has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included in this prospectus in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Share register

The register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. Miscellaneous

Save as disclosed in this prospectus:

- (a) none of our Directors nor chief executives of our Company has any interests and short positions in the Shares, the underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered into the register referred to in that section, or will be required, under Rules 5.54 to 5.68 of the GEM Listing Rules to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in this appendix has any direct or indirect interest in the promotion of our Company or any of our subsidiaries, or in any assets which had, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) save for the Underwriting Agreements, none of the parties listed in the paragraph headed “Consents” in this appendix:
 - (i) is interested legally or beneficially in any of the Shares or any shares in any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;
- (e) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought from any other stock exchange;

- (f) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (g) we have not issued or agreed to issue any founder shares, management shares or deferred shares;
- (h) we have no outstanding convertible debt securities;
- (i) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special items had been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and we had not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (j) within the two years preceding the date of this prospectus, no commission had been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in or debentures of our Company;
- (k) no amount or securities or benefit had been paid or allotted or given within the two years preceding the date of this prospectus to any promoters nor was any such securities or amount or benefit intended to be paid or allotted or given;
- (l) since 30 September 2012, there has been no material adverse change in the financial or trading position or prospects of our Group;
- (m) there is no arrangement under which future dividends are waived or agreed to be waived;
- (n) the Placing does not involve the exercise of any right of pre-emption or the transfer of subscription rights;
- (o) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong;
- (p) there had not been any interruption in the business of our Group which had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
- (q) in case of discrepancy, the English of this prospectus shall prevail over the Chinese version; and
- (r) none of our Company or any of our subsidiaries is presently listed on any stock exchange or traded on any trading system.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus registered by the Registrar of Companies in Hong Kong were copies of the written consents referred to in the paragraph entitled “Consents” in Appendix V to this prospectus, copies of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix V to this prospectus and other information required by section 342C of the Companies Ordinance.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Pang & Co. in association with Loeb & Loeb LLP at Suite 7601A, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum;
- (b) the Articles;
- (c) the Companies Law;
- (d) the accountants’ report on our Group prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;
- (e) the audited financial statements of Zebra SOS for the two financial years ended 31 March 2012;
- (f) the report on the unaudited pro forma financial information prepared by BDO Limited, the text of which is set out in Appendix II to this prospectus;
- (g) the letter, the summary of valuation and the valuation certificate prepared by Asset Appraisal Limited, the texts of which are set out in Appendix III to this prospectus;
- (h) the legal opinion issued by Pang & Co. in association with Loeb & Loeb LLP, our Hong Kong legal advisers;
- (i) the legal opinion issued by Shu Jin Law Firm, our PRC legal advisers;
- (j) the legal opinion issued by JE Legal LLC (an associated firm of Eversheds LLP), our Singaporean legal advisers;
- (k) the legal opinion issued by Michael Pang & Co., our Hong Kong independent legal advisers as to the suitability of Mr. Chang to be appointed as our Director under the GEM Listing Rules;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE FOR INSPECTION**

- (l) the letter prepared by Conyers Dill & Pearman (Cayman) Limited summarising certain aspects of Cayman Islands company law as referred to in Appendix IV to this prospectus;
- (m) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix V to this prospectus;
- (n) the service contracts referred to in the paragraph headed “Particulars of service contracts” in Appendix V to this prospectus;
- (o) the rules of the Share Option Scheme; and
- (p) the written consents referred to in the paragraph headed “Consents” in Appendix V to this prospectus.