

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

ANNUAL REPORT 2013



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This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.zebra.com.hk.

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CORPORATE INFORMATION

CHAIRMAN AND EXECUTIVE DIRECTOR

Chang, Tin Duk Victor

EXECUTIVE DIRECTOR

Kung, Phong

NON-EXECUTIVE DIRECTOR

Pan, Chik

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ng, Kwan Ho Andy

(also known as Ng, Kwan Ho Andrew)

Lam, Raymond Shiu Cheung

Tam, Tak Kei Raymond

COMPLIANCE OFFICER

Chang, Tin Duk Victor

COMPANY SECRETARY

Wong, Susan Chui San

HONG KONG LEGAL ADVISERS

Loong & Yeung

Suites 2001–2005

20th Floor, Jardine House

1 Connaught Place, Central

Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5th Floor, Chinachem Century Tower

178 Gloucester Road

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

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

AUDITOR

BDO Limited

Certified Public Accountants

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Zebra Strategic Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2013.

2013 was a significant year and an important milestone for the Group. The Company was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing") on 10 April 2013 (the "Listing Date"). The successful listing was not only a great recognition of the Group's historical achievements, but also laid a solid foundation for the continuous expansion and improvement of the Group's businesses going forward. Moreover, the successful listing enhanced our reputation, strengthened reliance with our existing clients and strengthened the corporate governance and compliance management for our further expansion. I would like to once again thank all the professional parties and our management team for the joint efforts in making the Listing a success.

During the year ended 31 March 2013, the Group continued to maintain its market position as the leading human resources services provider in Hong Kong. For the year ended 31 March 2013, revenue of the Group was approximately HK\$182,276,000 showing a steady growth of 10.3%. Gross profit was approximately HK\$18,589,000 which was consistent as compared to the same period as last year of HK\$19,017,000, noting a slight decline, due to expansion of a new team in the executive search service involving new recruitments. The Group's administrative expenses increased due to the Listing, which materially decreased the Group's net profit for the year ended 31 March 2013.

Moving forward, the Company intends to continuously strive to create value for its shareholders. We aim to achieve this goal by leveraging our expertise and experience in executive search, and develop a solid foundation for our services in the People's Republic of China (the "PRC"). In view of the market trend and demand for more Hong Kong executives to work in the PRC, the Group has appointed an expert consultant to research on procedures for PRC expansion and explore strategic partner alliances in PRC. We will also build up our commerce and retail executive search team in Hong Kong, and focus on the luxury, food and beverage sectors in Hong Kong, given that these sectors have benefited from the influx of tourists from the PRC in recent years.

We also have exciting plans to conduct research and development on technology related to enhancing the current functionalities of our eHRIS software and to add new applications to our existing platform. We also plan to develop an eTax software to address the difference in the tax system between Hong Kong and PRC, and to cater for the needs of PRC clients.

Additionally, more efforts will be made to strengthen internal control and management. The Group will adopt a strict monitoring of costs and operating expenses, so as to increase the overall profitability of the Company and maximize the returns for shareholders.

CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENTS

Finally, I would like to take this opportunity to express my sincere gratitude to the continuous support and trusts from our shareholders, clients and business partners. In addition, I would like to thank our Directors and employees for their enormous contribution and unwavering commitments to the Group. Based on the successful operation of the Group, we continue to be optimistic about the outlook for its business developments going forward. Through the implementation of our established business strategies, we intend to further enhance the value of the Group and render satisfactory investment returns for our shareholders.

Mr. Chang Tin Duk, Victor

Chairman

Hong Kong, 26 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2013, the Group has continued to maintain its market position as the leading human resources services provider in Hong Kong. The Group strengthened reliance with their existing clients and focused its efforts on expanding their executive search services and other human resources support services. As a result, revenue for the year ended 31 March 2013 increased by approximately 10.3% to HK\$182,276,000 (2012: HK\$165,238,000).

For the year ended 31 March 2013, revenue derived from staff outsourcing services contributed to approximately 90% of the Group's total revenue, amounting to approximately HK\$164,681,000 (2012: HK\$150,340,000) which represents an increase of approximately 9.5% as compared to the year ended 31 March 2012 due to new business contracts signed, and growing demands for outsourcing services requested by existing clients. The number of outsourcing candidates presently managed by the Group is 663, increased from 597 outsourcing candidates back in 31 March 2012.

During the year ended 31 March 2013, the Group has introduced a new executive search line with a primary focus on commerce and retail sector. This was intended to target on the fast-moving consumer goods ("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. As a result, this contributed to an increase in the Group's revenue from executive/staff search services by approximately 11.1% to approximately HK\$10,319,000 (2012: HK\$9,292,000).

Apart from the increase in revenue from staff outsourcing services and from executive/staff search services mentioned above, revenue from other human resources support services also increased by approximately 30% as compared to the year ended 31 March 2012. Revenue generated from other human resources support services increased to approximately HK\$7,276,000 (2012: HK\$5,606,000), due to the continuous demand for such human resources support services associated with the eHRIS software and the Group's success in securing more orders from new customers.

Moving forward, the Group will continue to focus on their core business of staff outsourcing services in the banking, telecommunications and insurance industries. The Group will also further expand their executive search services into PRC and presently, a consultant has been appointed to research on procedures, business and brand development in PRC. The Group will diversify their human resources support services to include advisory and administration services, as well as technological enhancement to their eHRIS software.

FINANCIAL REVIEW

The Group's gross profit margin has slightly decreased from approximately 11.5% for the year ended 31 March 2012 to approximately 10.2% for the year ended 31 March 2013. The slight decrease in gross profit margin was primarily due to increase in direct costs involved in building a new executive search team to focus on the FMCG and luxury brand sectors in Hong Kong. However, profit margin for the human resource support services segment showed a promising increase of 9% mainly due to the increase in sales and no significant change in direct costs for that revenue stream.

Net profit margin and net profit for the year ended 31 March 2013 materially decreased due to non-recurring expenses in connection with the Listing and the increase in general and administrative expenses as a result of payment of additional employee expense in respect of a new general manager and a chief financial officer.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by its own working capital and from bank borrowings. Total net cash outflow from financing activities amounted to approximately HK\$3.0 million for the year ended 31 March 2013 (2012: HK\$5.9 million) and the movements are mainly attributable to new bank borrowings and repayment of bank borrowings, bill payables, interest and dividend paid, payments of both capital and interest element of finance lease liabilities.

As at 31 March 2013, the Group's total borrowings comprised bank loans and obligation under a finance lease, the aggregate of which was approximately HK\$5,667,000 (2012: HK\$4,100,000). Among the total outstanding amounts of bank loans and obligation under a finance lease as at 31 March 2013, 82.9% (2012: 83.2%) is repayable within the next year, 17.1% (2012: 16.8%) is repayable within the second to fifth years. The Group's bank loans are subject to fixed and floating interest rates while obligations under finance leases are subject to fixed interest rates.

The Group has a current ratio of approximately 1.57 comparing to that of 1.75 as at 31 March 2012. As at 31 March 2013, the Group's gearing ratio was 37.4% (2012: 27.6%), which is calculated based on the Group's total borrowings of approximately HK\$5,667,000 (2012: HK\$4,100,000) and the Group's total equity of approximately HK\$15,143,000 (2012: HK\$14,883,000). The Group's total cash at banks as at 31 March 2013 amounted to HK\$6,565,000 compared to HK\$4,426,000 as at 31 March 2012. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

CAPITAL STRUCTURE OF THE GROUP

The Group's shares were successfully listed on GEM on 10 April 2013. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Group only comprises of ordinary shares.

FOREIGN EXCHANGE EXPOSURE

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is limited. It is the Group's treasury policy to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group did not use any financial instrument to hedge against foreign currency risk.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENT

As at 31 March 2013, the Group did not have any significant investment.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Pursuant to the group reorganisation (the “Reorganisation”) in preparation of the Listing, the Company became the holding company of the Group formed after completion of the Reorganisation. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History and Development” of the prospectus dated 28 March 2013 issued by the Company (the “Prospectus”).

Save as aforesaid, during the year ended 31 March 2013, the Group had no material acquisitions and disposals of subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group’s staff costs, including director’s remuneration, were approximately HK\$168.5 million (2012: HK\$149.7 million). It is the Group’s policy to review its employee’s pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

FINAL DIVIDENDS

The Directors do not recommend the payment of the final dividend for year ended 31 March 2013 (2012: nil).

PROSPECTS

Following the successful Listing of the Company, the Group intends to continuously strive to create value for its shareholders. The Group will continue to focus on its staff outsourcing services and expand its existing executive search services in Hong Kong while diversifying into PRC. The Group is currently reviewing business opportunities in PRC and has appointed a consultant to conduct research on possible locations for expansion, procedures to expand PRC presence and development of business and branding. The consultant will also explore for strategic partner alliance in PRC, considering potential acquisitions or business cooperation with local service companies. Demand for executive search services will be weighted more on the economic growth in the PRC, in view of its current robust economic growth. In the long run, the Group will formulate and strategize to set up subsidiaries in major cities in the PRC.

In the coming year the Group will invest in the research and development for upgrading the present eHRIS software, to further enhance its functions and features of the information system. The Group intends to invest in the software’s product development and aims to capture more users for the software. The Group also plans to develop an eTax software to cater for staff tax reporting for both Hong Kong and PRC clients.

With a stable and experienced management team, the Group believes that with its industry knowledge, the Group will continue to build on the Group’s existing client and develop new clientele. The Group will actively pursue geographical expansion of its segment markets and pursue in enhancing its competitiveness and strengthen its market position.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Prospectus for the period from 21 March 2013, being the latest practicable date as defined in the Prospectus (the “LPD”) to 30 September 2013 with the Group’s actual business progress for the period from the LPD to the date of the results announcement of the Company dated 26 June 2013 (the “Announcement”) is set out below:

Business objectives for the period from the LPD to 30 September 2013

Actual business progress up to the date of the Announcement

Expansion of existing executive/staff search and staff outsourcing services

- 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 the Group’s executive/staff search and human resources support services
- Continue to explore business opportunities in the Group’s staff outsourcing and executive/staff search businesses in the banking, insurance and telecommunications industries in Hong Kong

The Group has recruited 5 staff for providing executive/staff search services for the retail sector.

The Group has decided to postpone the expansion of the office until end of financial year 31 March 2014.

The Group has continued to explore opportunities for staff outsourcing clients in the finance industries in Hong Kong. The Group is also exploring executive search businesses in the food and beverage sector in Hong Kong.

Development in PRC and Singapore markets for executive/staff search services

- Scout for the locations and research on procedures for the expansion of the Group’s PRC presence for the development of the Group’s 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 the Group’s executive/staff search services
- Identify and negotiate with potential partners in the PRC/Singapore engaging in executive/staff search services for strategic alliance

The Group has proposed several locations for the expansion of PRC presence and Qian Hai Special Economic Zone in Shenzhen is presently being researched for feasibility and opportunities for any strategic alliance.

The Group has appointed a consultant to look for strategic partners in PRC to support business development in the PRC.

The Group will set up a wholly-foreign owned enterprise or equity joint venture once a decision is made on the location for expansion.

The Group has appointed a consultant to identify potential partners in the PRC engaging in executive/staff search services for strategic alliance.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives for the period from the LPD to 30 September 2013

Upgrading of the Group's eHRIS software

- Continue the development of claim management application for the Group's eHRIS software
- Commence the development of roster management application for the Group's eHRIS software
- Recruit about 1 to 2 staff for the development of the Group's eHRIS software and continue to carry out the improvement work for the Group's eHRIS software

Development of other human resources support services

- Set up a company secretarial team with approximate 2 to 3 staff
- Continue to explore business opportunities in the Group's human resources support services
- Evaluate any human resources support services that can be provided to the Group's clients

Actual business progress up to the date of the Announcement

The Group has continued to develop and upgrade the eHRIS software.

The Group has commenced and continued the development of roster management application for the Group's eHRIS software.

The Group is interviewing candidates for the development of the eHRIS software.

The Group has started to communicate with relevant experts in the field of Hong Kong company law and secretarial services.

The Group continued to explore business opportunities in human resources support services.

The Group has evaluated and is considering to provide a one-stop human resources related and other supporting services such as payroll services, company secretarial services and professional referral services.

As of the date of the Announcement, the Directors had no intention to make any changes to the business plan.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chang, Tin Duk Victor (張天德), aged 42, was appointed as Director on 24 February 2012 and designated as the chairman of the Board and an executive Director on 2 April 2012. He is also a member of the remuneration committee and the nomination committee of the Company. He is a co-founder of the Group and is a director of Zebra Strategic Outsource Solution Limited (“Zebra SOS”). He is responsible for overseeing the business development and in-house operations and devising market strategies and business expansion plans of the Group. He has over 15 years of experience in recruitment process outsourcing, executive/staff search and private investment management. Before joining the Company, Mr. Chang started his career with Lippo Securities Limited and moved on to become director of Grand International Holdings Limited (“Grand International”), which was engaged in general investments. He went on to be director and responsible officer for 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 Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) and Murtsa Capital Partners Limited (a corporation licensed to carry out type 9 (asset management) regulated activity under the SFO) but subsequently resigned from both companies in order to focus and cope with the business expansion of the Group. Mr. Chang presently remains as a compliance consultant for Astrum Capital Management Limited. Mr. Chang graduated with a bachelor of science degree in business administration from Boston University in January 1993. Mr. Chang is also a director of Z Strategic Investments Ltd. which is interested in 58.75% of the total issued share capital of the Company.

Mr. Kung, Phong (龔飭), aged 41, was appointed as an executive Director on 2 April 2012. He is a co-founder of the 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 the Group. He has over 12 years of experience in business development as well as extensive knowledge in sales and marketing. In August 2008, Mr. Kung became 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 he left Lee & Man Chemical Company Limited in 2011 to focus his duties in Lee & Man Handbags Holding Limited (stock code: 1488), a company listed on the Main Board. Mr. Kung is presently an executive director of Lee & Man Handbags Holding Limited. Mr. Kung is also a director of Z Strategic Investments Ltd. which is interested in 58.75% of the total issued share capital of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Pan, Chik (潘穰), aged 44, was appointed non-executive Director on 2 April 2012 and is responsible for advising on business opportunities for investment, development and expansion of the 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. Other than his directorship in the 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. Mr. Pan is a director of Ascent Way Limited which is interested in 16.25% of the total issued share capital of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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 the Company. He is also the chairman of the audit committee and a member of both the remuneration committee and the nomination committee of the 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. Mr. Ng began his career with Price Waterhouse Company Limited before joining Citibank N.A in 1998. From 1998 to 2001 he was an associate in finance for Morgan Stanley Dean Witter Asia Limited before becoming vice president of Deutsche Bank AG Hong Kong. From 2007 to 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. 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 the Company. He is also the chairman of the remuneration committee and a member of both the audit committee and the nomination committee of the 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 an executive director of Chinese Food and Beverage Group Limited (stock code: 8272), an independent non-executive director of 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; China Bio-Med Regeneration Technology Limited (stock code: 8158) from June 2008 to June 2009; Chinese Food and Beverage Group Limited (stock code: 8272) from May 2010 to April 2013, all of which are companies listed on GEM. He was also the deputy chief executive officer of China Eco-Farming Limited (stock code: 8166) from June 2009 to April 2013, a company listed on GEM.

Mr. Tam Tak Kei, Raymond (譚德機), aged 50, 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 the Company. He is also the chairman of the nomination committee and a member of both the audit committee and the remuneration committee of the 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. Prior to joining the 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 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 the 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), Vision Fame International Holding Limited (stock code: 1315) and Sunley Holdings Limited (stock code: 1240), all of which are companies listed on the Main Board.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Ren, Yi (任怡), aged 42, joined Zebra SOS in December 2012. She is the general manager of the Group and is responsible for assisting in overseeing the management and daily operation of the 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 March 2013, 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. 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 the Group's 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 to joining the Group, Ms. Yeung was employed by American International Assurance Company Limited as human resources officer in 1993 and was promoted to senior human resources officer in 1996. From 1997 to July 1999, Ms. Yeung was employed by Citibank N.A. and last held the position of compensation and benefits officer. She then worked for Societe Generale Hong Kong Branch before rejoining Citibank N.A. and moved on to Standard Chartered Bank (HK) Limited in 2008. Immediately before joining the Group, 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. 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 the 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 resigned with effect from 2 May 2013.

Mr. Hui, Chun Sing (許振聲), aged 35, joined Zebra SOS in July 2006. He is the project manager for IT of the Group and is responsible for overseeing the Group's data security controls, and implementing, maintaining and enhancing the standard of information security control and the Group's 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 the 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.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present the corporate governance report for the year ended 31 March 2013.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making; (ii) the improvement in transparency and disclosure of information to shareholders; (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders; and (iv) the improvement in management of risk and the enhancement of performance by the Group. The Company will continue to monitor and review its corporate governance practices to ensure compliance with the regulatory requirements and to meet the expectations of the shareholders and investors.

Throughout the period from the Listing Date to the date of this report, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (the “CG Code”), except for the deviation from the code provision A.2.1 of the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Chang Tin Duk, Victor (“Mr. Chang”) acts as both the chairman and the chief executive officer of the Company. The Board is of the view that, given that Mr. Chang has been primarily responsible for leading the strategic planning and business development of the Group, the current arrangement would provide the Company with strong and consistent leadership, and allow for effective and efficient planning and implementation of business decisions and strategies. The Board considers that the current arrangement is overall beneficial to the management and development of the Group’s business. The Board will continue to review the current management structure from time to time and may make changes if and when appropriate.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all of them have complied with the required standard of dealings regarding securities transactions throughout the period from the Listing Date to the date of this report and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility for promoting the success of the Company by directing and supervising the Company’s business and affairs. The ultimate responsibility for the day to day management of the Company is delegated to the chairman and the senior management of the Company. In practice, the Board takes responsibilities for decision making in all major matters of the Company. The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management. Approval has to be obtained from the Board prior to any significant transactions entered into by the Group and the Board has the full support of them to discharge its responsibilities.

As at the date of this report, the Board comprises six Directors, including two executive Directors, namely Mr. Chang Tin Duk, Victor and Mr. Kung Phong; one non-executive Director, namely Mr. Pan Chik; and three independent non-executive Directors, namely Mr. Ng, Kwan Ho Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam, Tak Kei Raymond. Save as disclosed, there is no other relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board and the chairman of the Company.

CORPORATE GOVERNANCE REPORT

Each of the Directors, namely, Mr. Chang Tin Duk, Victor, Mr. Kung Phong, Mr. Pan Chik, Mr. Ng, Kwan Ho Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam, Tak Kei Raymond, attended a formal training session conducted by Pang & Co in association with Loeb & Loeb LLP for the Directors prior to its Listing. The training session covered topics including the GEM Listing Rules, the CG Code, the disclosure of inside information and establishment of an internal control system. The Group has also been provided reading materials including the CG Code, the Inside Information Provision (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to all Directors to develop and refresh the Directors' knowledge and skills. The Group, together with its compliance adviser and legal advisers, continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Owing to the fact that the Company was listed after the reporting period, only 1 Board meeting was held on 19 March 2013, prior to the Company becoming a listed company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company 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 the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company on an initial term of three years commencing on the Listing Date.

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of article 83(3) of the articles of association of the Company, 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 by the Board 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 by the Board 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.

In compliance with the code provision in A.4.2 of the Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84(1) of the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Mr. Chang, Tin Duk Victor, Mr. Kung, Phong, Mr. Pan, Chik, Mr. Ng, Kwan Ho Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam, Tak Kei Raymond will retire from office at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise. The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules and considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the period from the Listing Date to the date of this report.

BOARD COMMITTEES

The Board has established, with written terms of reference, three board committees, namely audit committee, remuneration committee and nomination committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference for each Board committee are in line with the GEM Listing Rules and are available on the websites of the Stock Exchange and the Company, respectively.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 19 March 2013 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code. 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.

The primary duties of the Audit Committee are, among other things, to make recommendation to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee internal control procedures of the Company.

Owing to the fact that the Company was listed after the reporting period, no audit committee meeting was held during the year ended 31 March 2013. The first audit committee meeting was held on 24 June 2013 for, inter alia, reviewing the audited annual results of the Group for the year ended 31 March 2013.

REMUNERATION COMMITTEE

The Company established a remuneration committee ("Remuneration Committee") on 19 March 2013 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The Remuneration Committee comprises one executive Director, namely Mr. Chang Tin Duk, Victor, and three independent non-executive Directors, namely Mr. Lam, Raymond Shiu Cheung, Mr. Ng, Kwan Ho Andy and Mr. Tam, Tak Kei Raymond. Mr. Lam, Raymond Shiu Cheung is the Chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on policies and structure for remuneration of Directors and senior management and on the establishment for a formal and transparent procedure for developing policy on such remuneration; and to ensure none of the Directors shall determine their own remuneration.

Owing to the fact that the Company was listed after the reporting period, no Remuneration Committee meeting was held during the year ended 31 March 2013. The first remuneration committee meeting was held on 26 June 2013 for, inter alia, reviewing the overall remuneration policy and structure relating to all Directors and senior management of the Group.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company established a nomination committee (“Nomination Committee”) on 19 March 2013 with written terms of reference in compliance with paragraphs A.5.1 and A.5.2 of the CG Code. The Nomination Committee comprises one executive Director, namely Mr. Chang Tin Duk, Victor; and three independent non-executive Directors, namely Mr. Tam, Tak Kei Raymond, Mr. Ng, Kwan Ho Andy and Mr. Lam, Raymond Shiu Cheung. Mr. Tam, Tak Kei Raymond is the Chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of the independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors.

Owing to the fact that the Company was listed after the reporting period, no nomination committee meeting was held during the year ended 31 March 2013. The first nomination committee meeting was held on 26 June 2013 for, inter alia, reviewing the structure, size and composition of the Board as well as discussing matters regarding the retirement and re-election of Directors.

CORPORATE GOVERNANCE FUNCTION

The Company’s corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board, which include (a) to develop and review the Company’s policies and practices on corporate governance and make recommendations; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company’s compliance with the Corporate Governance Code and disclosure in the corporate governance report.

At the Board meeting held on 19 March 2013, the Board reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of its corporate governance policy.

SENIOR MANAGEMENT’S REMUNERATION

Senior management’s remuneration payment of the Group in the year ended 31 March 2013 falls within the following bands:

	Number of Individuals
HKD500,000 or below	1
HKD500,001 to HKD1,000,000	3
HKD1,000,001 to HKD1,500,000	0

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 March 2013 set out in this report.

AUDITORS' REMUNERATION

During the year ended 31 March 2013, the remuneration paid and payable to the external auditor of the Group are approximately HK\$200,000 for audit services and HK\$1,065,000 for non-audit services, namely being the reporting accountants and providing due diligence support services for the Company's placing, respectively.

COMPANY SECRETARY

Ms. Wong, Susan Chui San ("Ms. Wong") was appointed as the company secretary of the Group on 2 April 2012. 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.

Pursuant to paragraph F of the CG Code, she should possess day-to-day knowledge on the Company's affairs and responsible for advising the Board through the chairman on all governance matters and facilitates the induction and professional development of all Directors.

For the year ended 31 March 2013, Ms. Wong has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings

Pursuant to Article 58 of the articles of association of the Company, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Pursuant to Article 85 of the articles of association of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice (unless otherwise specifically stated and as further defined in the articles of association of the Company) (the "Notice") signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar of the Company provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Company, for the attention of the Board of Directors, by email: enquiries@zebra.com.hk, or mail to 5th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Investor Relations and Communication

The Board recognizes the importance of good communications with all shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including quarterly, interim and annual reports and public announcements. While the annual general meeting provides a valuable forum for direct communication between the Board and its shareholders, the Company also maintains its website (www.zebra.com.hk) to provide an alternative communication channel for the public and its shareholders. All corporate communication and Company's latest updates are available on the Company's website for public's information.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board is responsible for establishing and maintaining a sound and effective internal control system in order to safeguard the interests of the shareholders and assets of the Company against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Audit Committee reviewed the overall effectiveness of the internal control system of the Group and reported its findings and made recommendations to the Board. The Directors have conducted a review of the effectiveness of the Group's internal control system, including financial, operational, compliance controls and risk management functions for the year ended 31 March 2013. The Board will continue to assess the effectiveness of internal controls by considering reviews performed by the audit committee and executive management.

INVESTOR RELATIONS

The Board considers that maintaining continuous and effective communication with shareholders is crucial to and is a key element of establishing shareholders' confidence and attracting new investors. These includes (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders of the Company to raise comments and exchanging views with the Board; (iii) latest updates and key information of the Company are available on the website of the Company, that offers a communication channel between the Company and its shareholders and investors; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

Significant Changes in Constitutional Documents

On 19 March 2013, the Company has adopted by special resolution the articles of association which had been uploaded to the website of the Company and the Stock Exchange. Save as disclosed above, there had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2013.

REPORT OF THE DIRECTORS

The Directors are pleased to present their first report and the audited consolidated financial statements for the year ended 31 March 2013. The Company was listed on GEM on 10 April 2013 (the "Listing Date").

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The principal activity of 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.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 and the state of its affairs as at that date are set out in the financial statements on pages 32 to 79.

An interim dividend of HK\$3 million was paid during the year ended 31 March 2013. The directors do not recommend the payment of any final dividend for the year ended 31 March 2013.

REORGANISATION AND USE OF PROCEEDS

The Company is a limited liability company incorporated in the Cayman Islands on 24 February 2012.

Under a group reorganisation scheme (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the shares of the Company (the "Shares") on GEM, the Company became the holding company of the subsidiaries now comprising the Group. Further details of the Reorganisation are set out in the History and Development section of the Prospectus.

As part of preparation for the Listing, the 100,000,000 Shares were offered by the Company and Z Strategic Investments Ltd. ("Z Strategic") under the placing, comprising (i) 75,000,000 new Shares being offered for subscription; and (ii) 25,000,000 sale Shares being offered for sale. The net proceeds from the placing were approximately HK\$21.2 million. Details of the plan for the use of proceeds from the Placing are set out in the section headed "Statement of Business Objectives" in the Prospectus.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 March 2013 are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2013 are set out in note 25 to the consolidated financial statements and in the consolidated statement of changes in equity in this report, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK\$14,830,000. The amount of HK\$14,830,000 includes the Company's special reserve, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 March 2013 are set out in note 14 to the consolidated financial statements in this report.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group, as extracted from the consolidated financial statements for the last three financial years, is set out on page 80 of this Annual Report. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the year ended 31 March 2013, save as disclosed in the Prospectus, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

MAJOR CUSTOMERS

Sales to the Group's five largest customers accounted for approximately 92% of the total sales for the year ended 31 March 2013 and sales to the largest customer included therein amounted to approximately 68%.

Due to the nature of the Group's business, the Group has no major suppliers.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2013.

DIRECTORS

The Directors during the year ended 31 March 2013 and up to the date of this report are:

Executive Directors:

Mr. Chang Tin Duk Victor *(appointed on 24 February 2012)*
Mr. Kung Phong *(appointed on 2 April 2012)*

Non-Executive Director:

Mr. Pan Chik *(appointed on 2 April 2012)*

Independent Non-Executive Directors:

Mr. Ng, Kwan Ho Andy *(appointed on 2 April 2012)*
Mr. Lam, Raymond Shiu Cheung *(appointed on 2 April 2012)*
Mr. Tam, Tak Kei Raymond *(appointed on 26 June 2012)*

REPORT OF THE DIRECTORS

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of its independent non-executive Director in respect of their independence in accordance with the requirements of the Rule 5.09 of the GEM Listing Rules and all independent non-executive Directors are considered to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 13 of this report.

DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who hold office during the year ended 31 March 2013 and up to the date of this report are:

Executive Directors

Chang, Tin Duk Victor (*Chairman*)

(*Appointed on 24 February 2012*)

Kung, Phong

(*Appointed on 2 April 2012*)

Non-executive Director

Pan, Chik

(*Appointed on 2 April 2012*)

Independent Non-executive Directors

Ng, Kwan Ho Andy

(*Appointed on 2 April 2012*)

Lam, Raymond Shiu Cheung

(*Appointed on 2 April 2012*)

Tam, Tak Kei Raymond

(*Appointed on 26 June 2012*)

All executive Directors have entered into service contracts with the Company for a period of three years commencing on the Listing Date and will continue thereafter until terminated by either party giving not less than three months' prior written notice to the other. They are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than three months' notice in writing served by either party on the other.

No Director has a service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all of them are considered to be independent.

Pursuant to Article 83(3) of the Company, all Directors shall retire and being eligible, offer themselves for re-election at the forth coming annual general meeting.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

Save as aforesaid, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at 31 March 2013 or at any time during the year ended 31 March 2013.

EMOLUMENT POLICY

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

MANAGEMENT CONTRACTS

No management and administration contracts in respect of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2013.

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

As at 31 March 2013, the shares of the Company were not listed on the Stock Exchange. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable.

As at the date of this report, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

REPORT OF THE DIRECTORS

Long position in ordinary Shares and underlying Shares

Name of Directors	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Chang, Tin Duk Victor ("Mr. Chang")	Interest in controlled corporation	235,000,000 <i>(Note 1)</i>	58.75%
Kung, Phong ("Mr. Kung")	Interest in controlled corporation	235,000,000 <i>(Note 1)</i>	58.75%
Pan, Chik ("Mr. Pan")	Interest in controlled corporation	65,000,000 <i>(Note 2)</i>	16.25%

Long position in shares of associated corporation

Name of Directors	Name of associated corporation	Nature of interests	Number of shares held/interested	Percentage of interest
Mr. Chang	Z Strategic	Beneficial owner <i>(Note 1)</i>	3	50%
Mr. Kung	Z Strategic	Beneficial owner <i>(Note 1)</i>	3	50%

Notes:

- 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. Each of Mr. Chang and Mr. Kung is a director of Z Strategic.
- These 65,000,000 Shares are held by Ascent Way Investments Limited ("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. Mr. Pan is a director of Ascent Way.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, the shares of the Company were not listed on the Stock Exchange. So far as the Directors are aware, as at the date of this report, other than the Directors and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Z Strategic	Beneficial owner	235,000,000	58.75%
Ascent Way	Beneficial owner	65,000,000	16.25%
Tong Shing Ann, Sharon	Interest of spouse (<i>Note 1</i>)	235,000,000	58.75%
Lee Man Ching	Interest of spouse (<i>Note 2</i>)	235,000,000	58.75%
Liu Ming Lai Lorna	Interest of spouse (<i>Note 3</i>)	65,000,000	16.25%
Zhang Wenyan	Beneficial owner	20,000,000	5.00%

Notes:

1. 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.
2. 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.
3. Ms. Liu Ming Lai Lorna, 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.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Since the Scheme has become effective, no share options were granted, exercised or cancelled by the Company under the Scheme during the year ended 31 March 2013 and there were no outstanding share options under the Scheme as at 31 March 2013.

MATERIAL RELATED PARTIES TRANSACTIONS

The material related party transactions in relation to the service income from a related party as disclosed in Note 27(a) to the consolidated financial statements in this annual report are continuing connected transactions exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.33(3)(c) of the GEM Listing Rules. Further details are set out in the section headed "Exempted Continuing Connected Transaction" in the Prospectus.

The material related party transactions in relation to the key management personnel remuneration as disclosed in Note 27(b) to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.31(6) of the GEM Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 27 to the consolidated financial statements in this annual report did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2013, the Group has not entered into any connected transactions that are not exempted under Rule 20.31 of the GEM Listing Rules nor any continuing connected transactions that are not exempted under Rule 20.33 of the GEM Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As far as the Directors are aware of, none of the Directors or any of their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2013.

REPORT OF THE DIRECTORS

All independent non-executive Directors were delegated with the authority to review on an annual basis the non-competition undertaking given by Ms. Yeung Ka Fung, Queenie (“Ms. Yeung”) and the controlling shareholders of the Company, namely Mr. Chang Tin Duk, Victor, Mr. Kung Phong and Z Strategic (collectively, the “Covenantors”) in the respective non-competition undertaking (the “Undertaking”) entered into by Ms. Yeung and Zebra Strategic Outsource Solution Limited dated 1 March 2013 and the deed of non-competition (the “Deed of Non-competition”) entered into by, among others, the Covenantors dated 19 March 2013 (an extract of the respective material terms of Undertaking and the Deed of Non-competition had been set out in the Prospectus). Each of Ms. Yeung and the Covenantors confirmed that (a) they have provided all information necessary for the enforcement of the Undertaking and the Deed of Non-competition, respectively, as requested by all independent non-executive Directors from time to time; and (b) from the effective date of respective Undertaking and the Deed of Non-competition and up to 26 June 2013, each of Ms. Yeung and the Covenantors had complied with the Undertaking and the Deed of Non-competition, respectively. All independent non-executive Directors also confirmed that they were not aware of any non-compliance with the Undertaking by Ms. Yeung or the Deed of Non-competition by the Covenantors during the same period.

COMPLIANCE ADVISER’S INTEREST

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Messis Capital Limited (“Messis Capital”) to be the compliance adviser. Messis Capital, being the sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as provided for under the underwriting agreement relating to the placing, neither Messis Capital nor any of its associates and none of the directors or employees of Messis Capital who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the placing, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

The compliance adviser’s appointment is for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after the Listing Date, i.e. for the year ended 31 December 2016, or until the agreement is terminated, whichever is earlier.

EVENTS AFTER THE REPORTING PERIOD

On 5 June 2013, the Group entered into a subscription agreement with Ever Diligent Investment Limited, to subscribe convertible bonds of an aggregate principal amount of HK\$5,000,000 issued by Ever Diligent Investment Limited. The Directors consider that entering into the subscription agreement will provide the Group with, among other things, a reasonable rate of return. The transactions contemplated under the aforesaid subscription agreement constituted a discloseable transaction of the Company and were subject to the announcement requirement under Chapter 19 of the GEM Listing Rules. For further details, please refer to the announcement of the Company dated 5 June 2013. Save as disclosed above, the Group has no significant events after the reporting period.

Details of significant events occurring after the reporting period are set out in note 33 to the consolidated financial statements.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all of them have complied with the required standards of dealings regarding securities transactions throughout the year ended 31 March 2013. The Company was not aware of any non-compliance since the listing of the Company on GEM on 10 April 2013.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

A report detailed corporate governance report is set out in pages 14 to 20 in this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report. The Company has maintained a sufficient public float in compliance with Rule 17.38A of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 March 2013 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code 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 the 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.

The Audit Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Group for the year ended 31 March 2013.

AUDITOR

BDO Limited was appointed by the Directors as the first auditor of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

By order of the Board

Zebra Strategic Holdings Limited

Chang Tin Duk, Victor

Executive Director

Hong Kong, 26 June 2013

INDEPENDENT AUDITOR'S REPORT



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF ZEBRA STRATEGIC HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Zebra Strategic Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 32 to 79, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate Number P05057

Hong Kong, 26 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	7	182,276	165,238
Direct costs		(163,687)	(146,221)
Gross profit		18,589	19,017
Other income	7	472	53
General and administrative expenses		(9,159)	(7,281)
Other operating expenses		(4,894)	–
Operating profit		5,008	11,789
Finance costs	8	(394)	(358)
Profit before income tax	9	4,614	11,431
Income tax expense	10	(1,354)	(1,741)
Profit for the year		3,260	9,690
Other comprehensive income for the year		–	–
Total comprehensive income for the year attributable to owners of the Company		3,260	9,690
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (HK cents)	12	1.0	3.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	1,619	182
Deposit for purchase of property, plant and equipment	16	–	150
		1,619	332
Current assets			
Trade and other receivables, prepayments and deposits	16	28,622	26,035
Amounts due from directors	17	3,159	2,996
Amount due from a related company	18	–	12
Amount due from ultimate holding company	19	27	–
Tax recoverable		186	–
Pledged bank deposits	20	500	500
Cash at banks	20	6,565	4,426
		39,059	33,969
Current liabilities			
Accrued expenses and other payables	21	19,868	15,245
Bank borrowings	22	4,687	4,100
Obligation under a finance lease	23	271	–
Tax payables		–	73
		24,826	19,418
Net current assets		14,233	14,551
Total assets less current liabilities		15,852	14,883
Non-current liabilities			
Obligation under a finance lease	23	709	–
Net assets		15,143	14,883
EQUITY			
Equity attributable to the Company's owners			
Share capital	24	313	–
Reserves	25	14,830	14,883
Total equity		15,143	14,883

Chang, Tin Duk Victor
Director

Kung, Phong
Director

STATEMENT OF FINANCIAL POSITION

	Notes	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	15	15,241	–
Current assets			
		–	–
Current liabilities			
Accrued expenses	21	3	–
Amount due to a subsidiary	19	95	–
		(98)	–
Net current liabilities		(98)	–
Total assets less current liabilities		15,143	–
Net assets		15,143	–
EQUITY			
Share capital	24	313	–
Reserves	25	14,830	–
Total equity		15,143	–

Chang, Tin Duk Victor
Director

Kung, Phong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Merger reserve* <i>HK\$'000</i>	Proposed final dividend* <i>HK\$'000</i>	Retained earnings* <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2011	–	100	5,000	5,093	10,193
2011 final dividend declared (<i>Note 11</i>)	–	–	(5,000)	–	(5,000)
Transaction with owners	–	–	(5,000)	–	(5,000)
Total comprehensive income for the year	–	–	–	9,690	9,690
At 31 March 2012 and 1 April 2012	–	100	–	14,783	14,883
Issue of shares (<i>Notes 24(a) & (d)</i>)	313	(313)	–	–	–
2013 interim dividend declared (<i>Note 11</i>)	–	–	–	(3,000)	(3,000)
Transactions with owners	313	(313)	–	(3,000)	(3,000)
Total comprehensive income for the year	–	–	–	3,260	3,260
At 31 March 2013	313	(213)	–	15,043	15,143

* The total of these balances represents “Reserves” in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities			
Profit before income tax		4,614	11,431
Adjustments for:			
Depreciation of property, plant and equipment	9	414	233
Gain on disposal of property, plant and equipment	9	(470)	–
Provision for impairment on trade receivables	9	–	43
Interest charges on obligation under a finance lease	8	49	19
Interest expenses	8	345	339
Interest income	7	(1)	(1)
Operating profit before working capital changes		4,951	12,064
Increase in trade receivables		(4,109)	(4,146)
Decrease/(Increase) in other receivables, prepayments and deposits		1,522	(2,054)
Increase in amounts due from directors		(163)	(1,800)
Decrease/(Increase) in amount due from a related company		12	(3)
Increase in amount due from ultimate holding company		(27)	–
Increase in accrued expenses and other payables		4,623	53
<i>Cash generated from operations</i>		6,809	4,114
Income tax paid		(1,613)	(2,862)
<i>Net cash generated from operating activities</i>		5,196	1,252

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2013 HK\$'000	2012 HK\$'000
Cash flows from investing activities			
Interest received		1	1
Proceeds from disposal of property, plant and equipment		470	–
Purchase of property, plant and equipment		(551)	(108)
Deposit paid for purchase of property, plant and equipment		–	(150)
<i>Net cash used in investing activities</i>		(80)	(257)
Cash flows from financing activities			
Proceeds from new bank borrowings		4,000	–
Repayment of bank borrowings		(5,413)	(396)
Net proceeds from bill payables		2,000	–
Interest paid		(345)	(339)
Dividend paid		(3,000)	(5,000)
Capital element of finance lease liabilities		(170)	(146)
Interest element of finance lease payments		(49)	(19)
<i>Net cash used in financing activities</i>		(2,977)	(5,900)
Net increase/(decrease) in cash and cash equivalents		2,139	(4,905)
Cash and cash equivalents at beginning of year		4,426	9,331
Cash and cash equivalents at end of year		6,565	4,426
Analysis of balances of cash and cash equivalents			
Cash at banks	20	6,565	4,426

NOTES TO THE FINANCIAL STATEMENTS

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 Company’s shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 April 2013.

The principal activity of the Company is investment holding. The principal activity of the subsidiaries (together with the Company 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.

The directors of the Company consider the ultimate parent company of the Group as at 31 March 2013 to be Z Strategic Investments Ltd. (“Z Strategic”), a company incorporated in the British Virgin Islands (the “BVI”).

The financial statements on pages 32 to 79 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The financial statements for the year ended 31 March 2013 were approved for issue by the board of directors (the “Board”) on 26 June 2013.

2. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied for the first time the following amendments issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2012:

Amendments to HKFRS 7	Disclosures — Transfer of Financial Assets
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Except as explained below, the adoption of these amendments has no material impact on the Group’s financial statements.

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. Such information is relevant in assessing the amount, timing and uncertainty of the entity’s future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets (Continued)

The Group has discounted certain of its trade receivables with recourse (note 16). As the Group retained the significant risks and rewards of ownership of the discounted trade receivables, the transfer transactions did not meet the requirements of HKAS 39 for de-recognition. The trade receivables remained as the Group's financial assets with the cash received being recognised as asset-backed borrowings (note 22). The financial statements for the current period include additional disclosures describing the nature of the relationship between the discounted trade receivables and the associated financial liabilities, including restrictions on the Group's use of the receivables arising from the discounting arrangements. There are no disclosures made for the comparative period as there is no such discounted trade receivables as at 31 March 2012.

At the date of approval of these financial statements, 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*.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

Amendments to HKAS 32 Presentation — Offsetting Financial Assets and Financial Liabilities and Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of “currently has a legally enforceable right of set-off” and some gross settlement systems may be considered equivalent to net settlements. The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The directors anticipate that the application of the amendments to HKAS 32 and HKFRS 7 may affect the Group’s disclosure regarding offsetting financial assets and financial liabilities in the future. The amendments will be applied retrospectively. Amendments to HKFRS 7 and amendments to HKAS 32 are effective for accounting periods beginning on or after 1 January 2013 and 1 January 2014 respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

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.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

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 statement.

3. REORGANISATION AND BASIS OF PRESENTATION

Through a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares (the "Reorganisation"), the Company has become the holding company of its subsidiaries now comprising the Group since 19 March 2013. Details of the Reorganisation are fully explained in the prospectus of the Company (the "Prospectus") dated 28 March 2013.

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 consolidated financial statements have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the current year and prior year.

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for current year and prior year 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 current year and prior year, or since their respective dates of incorporation, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 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 that date.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values from the perspective of Mr. Chang, Tin Duk Victor ("Mr. Chang") and Mr. Kung, Phong ("Mr. Kung") (together, the "Controlling Shareholders"). 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The significant accounting policies that conform to HKFRSs and have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied throughout the years presented unless otherwise stated.

The financial statements 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 statements. 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 statements, are disclosed in note 5.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 4.3 below) made up to 31 March each year. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intercompany transactions, balances and unrealised gains and losses on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from intercompany transaction are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest, and also the cumulative translation differences recorded in equity. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4.3 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.3 Subsidiaries *(Continued)*

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.

4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.5). 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.

4.5 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.5 Impairment of non-financial assets *(Continued)*

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.

4.6 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, amount due from ultimate holding 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.6 Financial assets *(Continued)*

Loans and receivables (Continued)

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; or
- 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.7 Cash and cash equivalents

Cash and cash equivalents include cash at banks and bank deposits with original maturities of three months or less.

4.8 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 4.14). 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 4.11), and subsequently measured at amortised cost using the effective interest method.

4.9 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.10 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 risk 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 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 technology 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.

4.11 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.11 Leases *(Continued)*

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair values 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.

4.12 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.13 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.

4.14 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.

4.15 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.16 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.

4.17 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.

4.18 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

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.18 Related parties *(Continued)*

- (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.

5. 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 shortly after the commencement date.

NOTES TO THE FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Revenue recognition *(Continued)*

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.

6. 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. During the year, 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 country of domicile. All the Group's non-current assets are principally attributable to Hong Kong, being the single geographical region.

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT INFORMATION *(Continued)*

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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Customer A	124,220	106,660
Customer B	23,362	32,728

7. 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue		
Staff outsourcing services	164,681	150,340
Executive/staff search services	10,319	9,292
Other human resources support services	7,276	5,606
	182,276	165,238
Other income		
Bank interest income	1	1
Gain on disposal of property, plant and equipment	470	–
Sundry income	1	52
	472	53
	182,748	165,291

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest charges on:		
Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	345	339
Obligation under a finance lease	49	19
	394	358

9. PROFIT BEFORE INCOME TAX

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

	2013 HK\$'000	2012 HK\$'000
Auditor's remuneration	200	80
Cost of services rendered	163,687	146,221
Depreciation:		
— Owned assets	59	168
— Leased assets	355	65
	414	233
Employee benefits expenses (including directors' remuneration):		
Salaries, allowances and benefits in kind, included in		
— Cost of services rendered	157,554	140,597
— General and administrative expenses	4,987	3,846
Retirement benefits — defined contribution plans ¹ , included in		
— Cost of services rendered	5,822	5,112
— General and administrative expenses	176	136
	168,539	149,691
Exchange loss, net	12	11
Gain on disposal of property, plant and equipments	(470)	—
Listing expenses ²	4,894	—
Operating lease charges in respect of rented premises	966	966
Provision for impairment on trade receivables	—	43

¹ No forfeited contributions available for offset against existing contributions during the year

² Included in "other operating expenses" in the consolidated statement of comprehensive income

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE

	2013 HK\$'000	2012 HK\$'000
Current tax		
— Hong Kong Profits Tax		
— charged for the year	1,077	1,468
Under provision in prior years		
— Hong Kong Profits Tax	5	—
— The People's Republic of China (the "PRC") Enterprise Income Tax		
— charged for the year	272	273
	1,354	1,741

No provisions for Hong Kong Profits Tax and PRC Enterprise Income Tax were made by the Company and Orient Apex Investments Limited ("Orient Apex") as the Company and Orient Apex did not derive any assessable profit in Hong Kong and the PRC for the year (2012: Nil).

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits of Zebra Strategic Outsource Solution Limited ("Zebra SOS"), an indirectly held subsidiary, derived in Hong Kong for the year.

Zebra SOS sold eHRIS software to PRC customers during the year, therefore, is subject to PRC Enterprise Income Tax in respect of its income derived in the PRC for the year. 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.

For the year ended 31 March 2013, PRC Enterprise Income Tax, at the rate of 10%, of approximately HK\$272,000 (2012: HK\$273,000) have already been with held by the respective PRC customers and paid to the PRC tax authorities before remitting payments of the service income to the Group.

According to the Arrangement between the Mainland 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.

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rate is as follows:

	2013 HK\$'000	2012 HK\$'000
Profit before income tax	4,614	11,431
Income tax at Hong Kong Profits Tax rate of 16.5%	761	1,886
Tax effect of different taxation rate in other tax jurisdiction	(179)	(178)
Tax effect of non-deductible expenses	855	23
Tax effect of deductible temporary difference not recognised	–	10
Utilisation of deductible temporary differences previously not recognised	(88)	–
Under provision in prior years	5	–
Income tax expense for the year	1,354	1,741

No deferred tax has been provided in the consolidated financial statements as those are no material temporary difference.

11. DIVIDENDS

No dividends has been paid or declared by the Company since its incorporation. Dividends declared and paid by Orient Apex and Zebra SOS to its then shareholders during the year and prior year respectively are summarised as follows:

	2013 HK\$'000	2012 HK\$'000
Dividends attributable to the year		
Interim dividend paid	3,000	–

During the year ended 31 March, 2013, Ascent Way (as defined in note 24(a)), a shareholder of Orient Apex, waived its dividend entitlement in the amount of HK\$3,000,000, which was paid to Z Strategic on 20 March 2013.

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 end.

Dividends attributable to the previous year, approved and paid during the year:

	2013 HK\$'000	2012 HK\$'000
Final dividends in respect of 2011, approved and be paid in the following year	–	5,000

The rate of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful.

NOTES TO THE FINANCIAL STATEMENTS

12. EARNINGS PER SHARE

The calculations of basic earnings per share for the year ended 31 March 2013 are based on the profit attributable to the owners of the Company amounting to HK\$3,260,000 (2012: HK\$9,690,000), and on the basis of 325,000,000 (2012: 325,000,000) shares of the Company in issue, being the number of shares in issue immediately after capitalisation issue as detailed in note 24(f), as if these shares had been issued throughout the years.

The Group had no potential dilutive ordinary shares in issue during the years.

13. 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 for the year are as follows:

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Retirement benefit costs <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2013				
<i>Executive directors:</i>				
Mr. Chang	–	840	15	855
Mr. Kung	–	–	–	–
<i>Non-executive director:</i>				
Mr. Pan, Chik (“Mr. Pan”)	–	–	–	–
<i>Independent non-executive directors:</i>				
Mr. Ng, Kwan Ho Andy	–	–	–	–
Mr. Lam, Raymond Shiu Cheung	–	–	–	–
Mr. Tam, Tak Kei Raymond	–	–	–	–
	–	840	15	855
Year ended 31 March 2012				
<i>Executive directors:</i>				
Mr. Chang	–	570	12	582
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	–	–	–	–
	–	570	12	582

NOTES TO THE FINANCIAL STATEMENTS

13. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

Five highest paid individuals

None of the five highest paid individuals were directors of the Company whose remuneration are reflected in the analysis presented above. Details of remuneration of the five highest paid individuals for the year are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	5,605	5,956
Retirement benefits — defined contribution plans	71	54
Total	5,676	6,010

The remuneration paid to each of the above non-director individuals for the year fell within the following bands:

	2013	2012
Nil–HK\$1,000,000	–	2
HK\$1,000,001–HK\$1,500,000	5	3

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2011					
Cost	554	133	315	653	1,655
Accumulated depreciation	(397)	(102)	(261)	(588)	(1,348)
Net carrying amount	157	31	54	65	307
Year ended 31 March 2012					
Opening net carrying amount	157	31	54	65	307
Additions	29	13	66	–	108
Depreciation	(113)	(27)	(28)	(65)	(233)
Closing net carrying amount	73	17	92	–	182
At 31 March 2012 and 1 April 2012					
Cost	583	146	381	653	1,763
Accumulated depreciation	(510)	(129)	(289)	(653)	(1,581)
Net carrying amount	73	17	92	–	182
Year ended 31 March 2013					
Opening net carrying amount	73	17	92	–	182
Additions	–	–	75	1,776	1,851
Disposals	–	–	–	–	–
Depreciation	(19)	(5)	(35)	(355)	(414)
Closing net carrying amount	54	12	132	1,421	1,619
At 31 March 2013					
Cost	583	146	456	1,776	2,961
Accumulated depreciation	(529)	(134)	(324)	(355)	(1,342)
Net carrying amount	54	12	132	1,421	1,619

As at 31 March 2013, the net carrying amount of property, plant and equipment included the amount of a motor vehicle of approximately HK\$1,421,000 (2012: nil) held under a finance lease (note 23).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Unlisted shares, at cost	15,241	–

Particulars of the Company's subsidiaries, which are private companies with limited liability, as at 31 March 2013 are as follows:

Name	Country/ Place of incorporation	Particulars of issued and fully paid share capital	Effective interest held by the Company	Principal activities
Interests held directly				
Orient Apex	The BVI	11,000 ordinary shares of US\$1 each	100%	Investment holding
Interests held indirectly				
Zebra SOS	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

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current		
Deposit for purchase of property, plant and equipment	–	150
Current		
Trade receivables (<i>Note</i>)	27,740	23,631
Other receivables	40	21
Prepayments	542	2,083
Deposits	300	300
	28,622	26,035
	28,622	26,185

Note: During the year, 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 obligated to pay the financial institution the amount in default. Interest is charged at approximately 5.75% (2012: 5.75%) per annum on the proceeds received from the financial institution until the date the debtors pay during the year with application fee charged at a fixed rate of 0.25% on the proceeds of the first HK\$390,000 and at a fixed rate of 0.125% of the remaining proceeds exceeding HK\$390,000 for each application. The 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 the Group retains substantially all of the risks and rewards of ownership of the discounted trade debts. At 31 March 2013, trade receivables of approximately HK\$2,620,000 (2012: nil) 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 22) until the trade receivables are collected or the Group settles any losses suffered by the financial institution. At 31 March 2013, the asset-backed financial liability amounted to HK\$2,000,000 (2012: nil) (note 22).

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.

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Ageing analysis of trade receivables that are not impaired is as follows:

	2013 HK\$'000	2012 HK\$'000
Neither past due nor impaired	17,964	16,568
1-90 days past due	7,488	7,063
91-180 days past due	2,288	–
	9,776	7,063
	27,740	23,631

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:

	2013 HK\$'000	2012 HK\$'000
Balance at beginning of year	–	–
Impairment loss recognised	–	43
Amount written off	–	(43)
Balance at end of year	–	–

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year, the Group has made nil (2012: HK\$43,000) impairment allowance and nil (2012: HK\$43,000) has been then written off against trade receivables. None of the trade receivables as at 31 March 2013 have been identified by the Group as having an impairment issue.

NOTES TO THE FINANCIAL STATEMENTS

17. AMOUNTS DUE FROM DIRECTORS

Particulars of amounts due from directors disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

	Maximum amount outstanding during the year <i>HK\$'000</i>	Opening outstanding balance <i>HK\$'000</i>	Closing outstanding balance <i>HK\$'000</i>
Year ended 31 March 2013			
Mr. Chang	2,098	2,098	1,580
Mr. Kung	1,579	898	1,579
		2,996	3,159
Year ended 31 March 2012			
Mr. Chang	8,198	598	2,098
Mr. Kung	898	598	898
		1,196	2,996

The amounts are unsecured, interest free and repayable on demand. The directors have confirmed that the outstanding amounts represent 25% of the total amount of the expenses relating to the Placing as defined in note 24 (g) which will be borne by the directors and 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.

NOTES TO THE FINANCIAL STATEMENTS

18. AMOUNT DUE FROM A RELATED PARTY

Details of the amount due from a related party are as follows:

	Maximum amount outstanding during the year <i>HK\$'000</i>	Opening outstanding balance <i>HK\$'000</i>	Closing outstanding balance <i>HK\$'000</i>
Year ended 31 March 2013			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited) (<i>note</i>)	15	12	–
Year ended 31 March 2012			
Zebra Corporate Services Limited (formerly known as Zebra HR SOS Limited) (<i>note</i>)	12	9	12

Note: The directors of the Company, namely Mr. Chang and Mr. Kung, have equity interest in this related company.

The above balance was unsecured, interest free and repayable on demand.

19. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY/AMOUNT DUE TO A SUBSIDIARY

Details of the amount due from ultimate holding company are as follows:

	Maximum amount outstanding during the year <i>HK\$'000</i>	Opening outstanding balance <i>HK\$'000</i>	Closing outstanding balance <i>HK\$'000</i>
Year ended 31 March 2013			
Z Strategic (<i>note</i>)	27	–	27
Year ended 31 March 2012			
Z Strategic (<i>note</i>)	–	–	–

Note: The directors of the Company, namely Mr. Chang and Mr. Kung, have equity interest in the ultimate holding company.

The amounts due are unsecured, interest free and repayable on demand.

20. PLEDGED BANK DEPOSITS AND CASH AT BANKS

Pledged bank deposits represent the Group's bank deposits pledged to secure its banking facilities (note 26). Cash at banks earn interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

21. ACCRUED EXPENSES AND OTHER PAYABLES

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Accrued expenses and other payables	19,122	14,539	3	–
Deferred revenue	415	589	–	–
Receipts in advance	331	117	–	–
	19,868	15,245	3	–

22. BANK BORROWINGS

	2013 HK\$'000	2012 HK\$'000
Current		
Bank loans (<i>notes (a) & (b)</i>)	4,687	4,100
Analysed into:		
Bank loans repayable: (<i>note (c)</i>)		
Within one year	4,429	3,412
In the second year	258	429
In the third to fifth years	–	259
	4,687	4,100

Notes:

- (a) The interest-bearing bank borrowings are carried at amortised cost. The current bank borrowings include a bank loan that is not fully 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 31 March 2013, asset-backed financing amounting to HK\$2,000,000 (2012: nil) was 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 16).
- (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.

NOTES TO THE FINANCIAL STATEMENTS

22. BANK BORROWINGS (Continued)

Notes: (Continued)

(d) Other relevant information about the borrowings was:

As at 31 March 2013, secured bank borrowings included an instalment loan with a principal amount of HK\$2,000,000 (2012: HK\$2,000,000) that bore interest at 1.25% per annum below the bank's HK\$ prime rate and is repayable in 59 monthly instalments.

As at 31 March 2013, another secured bank borrowing represented a revolving loan with a principal amount of HK\$2,000,000 (2012: HK\$3,000,000) that bore 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 31 March 2013, bill payables of HK\$2,000,000 (2012: nil) bore 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.

The effective interest rates applicable to the borrowings for the year ended 31 March 2013 are ranged from 4.0% to 22.1% (2012: 4.0% to 12.8%) per annum.

Details of banking facilities are set out in note 26.

23. OBLIGATION UNDER A FINANCE LEASE

The analysis of the obligation under a finance lease is as follows:

	2013 HK\$'000	2012 HK\$'000
Due within one year	327	–
Due in the second to fifth years	765	–
	1,092	–
Future finance charges on finance lease	(112)	–
	980	–

The present value of finance lease liabilities is as follows:

	2013 HK\$'000	2012 HK\$'000
Due within one year	271	–
Due in the second to fifth years	709	–
	980	–
Less: Current portion due within one year included under current liabilities	(271)	–
Non-current portion included under non-current liabilities	709	–

NOTES TO THE FINANCIAL STATEMENTS

23. OBLIGATION UNDER A FINANCE LEASE *(Continued)*

Finance lease liabilities are effectively secured as the rights to the leased asset will revert to the lessor in the event of default.

During the year ended 31 March 2013, the Group has entered into a finance lease for a motor vehicle. The lease has a lease term of four years with an effective interest rate of 6.77% per annum. This 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.

24. SHARE CAPITAL

	Number of ordinary shares	Nominal value <i>HK\$'000</i>
Authorised:		
Upon incorporation, ordinary shares of HK\$0.1 each <i>(note (a))</i>	3,800,000	380
Share sub-division <i>(note (b))</i>	34,200,000	–
	38,000,000	380
Increase in authorised capital, ordinary shares of HK\$0.01 each <i>(note (e))</i>	4,962,000,000	49,620
At 31 March 2013, ordinary shares of HK\$0.01 each	5,000,000,000	50,000
Issued and fully paid:		
Upon incorporation, ordinary shares of HK\$0.1 each <i>(note (a))</i>	10	–
Share sub-division <i>(note (b))</i>	90	–
	100	–
Issue of shares, ordinary shares of HK\$0.01 each <i>(note (d))</i>	31,250,000	313
At 31 March 2013, ordinary shares of HK\$0.01 each	31,250,100	313

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE CAPITAL *(Continued)*

Notes:

- (a) 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 Investments Limited (“Triglobal”). On the same day, the Company allotted and issued 3 shares to Triglobal, 4 shares to Luxuriant Global Investments Limited (“Luxuriant Global”) and 2 shares to Ascent Way Investments Limited (“Ascent Way”) as fully paid.
- (b) 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 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.
- (c) On 14 March 2013, each of Triglobal and Luxuriant Global transferred 40 shares of the Company to Z Strategic.
- (d) 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.
- (e) 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 the HK\$0.01 each.
- (f) Pursuant to a shareholder resolution passed on 19 March 2013, subject to the share premium account of the Company being credited as a result of the issue of Placing Shares under the Placing as mentioned and defined in (g) below, the 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 on 19 March 2013 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 accounts of the Company, and the share to be allotted and issued shall rank *pari passu* in all respects with the existing issued shares (the “Capitalisation”). Upon the Capitalisation, the issued share capital of the Company would become HK\$3,250,000 divided into 325,000,000 shares of HK\$0.01 each.
- (g) On 10 April 2013, 75,000,000 new shares of HK\$0.01 each of the Company were issued to the public by way of placing at HK\$0.41 each (the “Placing”). Upon the Capitalisation and the Placing, the issued share capital of the Company would become HK\$4,000,000 divided into 400,000,000 shares of HK\$0.01 each.

NOTES TO THE FINANCIAL STATEMENTS

25. RESERVES

Group

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 the Company.

Company

	Contribution surplus*	Accumulated losses*	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Date of incorporation	–	–	–
Acquisition of subsidiaries (<i>note 24(d)</i>)	14,928	–	14,928
Transaction with owners	14,928	–	14,928
Total comprehensive income for the year	–	(98)	(98)
At 31 March 2013	14,928	(98)	14,830

* The total of these balances represents "Reserves" in the statement of financial position.

Contribution surplus of the Company represents the difference between the costs of investment in subsidiaries acquired pursuant to the Reorganisation effected on 19 March 2013, as set out in the Prospectus dated 28 March 2013, over the nominal value of the share capital of the Company in exchange.

NOTES TO THE FINANCIAL STATEMENTS

26. BANKING FACILITIES

At 31 March 2013, one of the subsidiaries had banking facilities of approximately HK\$4,200,000 (2012: HK\$4,200,000) in aggregate provided by a bank and approximately HK\$8,000,000 (2012: HK\$7,500,000) in aggregate provided by another bank. The Group borrowed HK\$4,000,000 (2012: nil) revolving loans from a bank for the year ended 31 March 2013 and had net proceeds of bill payables of HK\$2,000,000 (2012: nil) from a bank as at 31 March 2013. Total borrowings of HK\$4,687,000 (2012: HK\$4,100,000) was outstanding as at 31 March 2013.

- (i) In respect of the facilities of HK\$4,200,000 (2012: HK\$4,200,000) in aggregate:

The revolving loan for the year ended 31 March 2013 is guaranteed by the following:

- (a) joint and several personal guarantees to the extent of HK\$4,000,000 (2012: 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 (2012: 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 year ended 31 March 2013 is secured by the following:

- (a) charges over bank deposits of at least HK\$500,000 (2012: HK\$500,000) or its equivalent in other currencies (note 20); and
- (b) joint and several personal guarantees to the extent of HK\$4,620,000 (2012: HK\$4,620,000) by the directors of the Company, namely Mr. Chang, and Mr. Kung.

- (ii) In respect of the facilities of HK\$8,000,000 (2012: HK\$7,500,000) in aggregate:

The instalment loan and available advance against receivables facilities for the year ended 31 March 2013 are guaranteed by the following:

- (a) joint and several personal guarantees to the extent of HK\$4,000,000 (2012: 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 (2012: HK\$3,200,000) issued by The Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme.

An available overdraft is jointly and severally guaranteed by the directors of the Company, namely Mr. Chang, and Mr. Kung to the extent of HK\$4,000,000 (2012: HK\$3,500,000) for the year ended 31 March 2013.

NOTES TO THE FINANCIAL STATEMENTS

27. RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Service income received from a related party	72	72

Mr. Pan is a directors of the related party. Mr. Chang was a director of the related party and resigned on 16 August 2012.

(b) Compensation of key management personnel

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Total remuneration of directors during the year		
— Fees, salaries and staff welfare benefits (short-term employee benefits)	855	582

The directors consider that other than themselves, the Group had no other key management personnel.

28. MAJOR NON-CASH TRANSACTION

The deposit of HK\$150,000 paid on or before 31 March 2012 formed part of the additions of property, plant and equipment during the year ended 31 March 2013. Additions of property, plant and equipment during the year ended 31 March 2013 included an amount of HK\$1,150,000 financed by a finance lease.

29. OPERATING LEASE COMMITMENTS

Future minimum lease payments under a non-cancellable operating lease in respect of rented premises are payable as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within one year	35	966
In the second to fifth years	—	35
	35	1,001

The Group leases its office premises 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.

NOTES TO THE FINANCIAL STATEMENTS

30. 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 and the Company's financial assets and liabilities recognised in the statement of financial position at the reporting date may also be categorised as follows (see notes 4.6 and 4.8 for explanations on how the category of financial instruments affects their subsequent measurement):

	Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Financial assets		
Loans and receivables:		
Trade receivables	27,740	23,631
Deposits and other receivables	340	321
Amounts due from directors	3,159	2,996
Amount due from a related company	–	12
Amount due from ultimate holding company	27	–
Pledged bank deposits	500	500
Cash at banks	6,565	4,426
	38,331	31,886

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT *(Continued)* **Categories of financial assets and liabilities** *(Continued)*

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Financial liabilities				
Non-current				
Financial liabilities at amortised cost:				
Obligation under a finance lease	709	–	–	–
Current				
Financial liabilities at amortised cost:				
Accrued expenses and other payables	19,122	14,539	3	–
Amount due to a subsidiary	–	–	95	–
Bank borrowings	4,687	4,100	–	–
Obligation under a finance lease	271	–	–	–
	24,080	18,639	98	–
	24,789	18,639	98	–

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 20 and 22, respectively. The Group currently does not have an interest rate hedging policy. Interest rate risk arising from cash at banks is disclosed in note 20.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk (Continued)

The following table illustrates the sensitivity of the Group's profit for the year, and other components of equity at that date 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 the reporting date:

	2013 HK\$'000	2012 HK\$'000
Increase/(Decrease) in profit for the year and retained profits		
Increase/Decrease in basis points ("bp")		
+ 50 bp	16	8
- 50 bp	(16)	(8)

The above sensitivity analysis is prepared based on the assumption that the cash at banks and bank borrowings as at reporting date existed throughout the whole financial year.

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 2013, approximately 73% (2012: 83%) 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 for the year. The Group has been actively seeking new customers to reduce the risk of over-reliance on those customers. Please refer to note 16 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 year 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 licensed 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.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

The liquidity policies have been followed by the Group during the year 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 2013 and 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 and the Company can be required to pay, that is if the banks were to invoke the unconditional rights to call the loans with immediate effect.

	Group				
	As at 31 March 2013				
	Within 3 months or on demand <i>HK\$'000</i>	More than 3 months but less than 1 year <i>HK\$'000</i>	More than 1 year but less than 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
Accrued expenses and other payables	19,122	–	–	19,122	19,122
Bank borrowings	4,687	–	–	4,687	4,687
Obligation under a finance lease	82	245	765	1,092	980
	23,891	245	765	24,901	24,789

	As at 31 March 2012				
	Within 3 months or on demand <i>HK\$'000</i>	More than 3 months but less than 1 year <i>HK\$'000</i>	More than 1 year but less than 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
Accrued expenses and other payables	14,539	–	–	14,539	14,539
Bank borrowings	4,100	–	–	4,100	4,100
	18,639	–	–	18,639	18,639

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

	Company				
	As at 31 March 2013				
	Within 3 months or on demand <i>HK\$'000</i>	More than 3 months but less than 1 year <i>HK\$'000</i>	More than 1 year but less than 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
Accrued expenses	3	–	–	3	3
Amount due to a subsidiary	95	–	–	95	95
	98	–	–	98	98

	As at 31 March 2012				
	Within 3 months or on demand <i>HK\$'000</i>	More than 3 months but less than 1 year <i>HK\$'000</i>	More than 1 year but less than 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
	Accrued expenses	–	–	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

	Within 3 months or on demand <i>HK\$'000</i>	More than 3 months but less than 1 year <i>HK\$'000</i>	More than 1 year but less than 5 years <i>HK\$'000</i>	Total contractual undiscounted cash flow <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
Bank borrowings subject to repayment on demand clause based on scheduled repayments:					
As at 31 March 2013	4,456	262	–	4,718	4,687
As at 31 March 2012	3,124	337	710	4,171	4,100

31. 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 since prior years.

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 ratio of the Group as at 31 March 2013 is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Borrowings and obligation under a finance lease	5,667	4,100
Equity	15,143	14,883
Gearing ratio	37.4%	27.6%

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.

NOTES TO THE FINANCIAL STATEMENTS

32. CONTINGENT LIABILITIES

At the end of the year, the Group did not have any significant contingent liabilities.

33. EVENTS AFTER REPORTING PERIOD

On 5 June 2013, Zebra SOS entered into a subscription agreement with Ever Diligent Investments Limited (“Ever Diligent”), an independent third party developing an online human resources portal, to subscribe the convertible bonds of Ever Diligent (the “Convertible Bonds”), amounting to HK\$5,000,000. The Convertible Bonds bear interest at the rate of 18% per annum with a maturity date of 4 June 2014. Zebra SOS, being the holder of the Convertible Bonds, shall have the right, exercisable at any time, to convert all of the Convertible Bonds into the conversion shares. The subscription is completed subsequent to the execution of the subscription agreement. Further details of the subscription are fully published on the announcement of the Company dated 5 June 2013.

Save as disclosed above and elsewhere in these financial statements, no other significant events took place subsequent to 31 March 2013.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years, is set out below:

RESULTS

	For the year ended 31 March		
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Turnover	182,276	165,238	151,022
Profit before income tax	4,614	11,431	8,762
Income tax expense	(1,354)	(1,741)	(1,461)
Profit for the year	3,260	9,690	7,301
Profit attributable to owners of the Company	3,260	9,690	7,301

ASSETS AND LIABILITIES

	As at 31 March		
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Total assets	40,678	34,301	31,220
Total liabilities	25,535	19,418	21,027
Total equity	15,143	14,883	10,193