

# 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

INTERIM REPORT 2013



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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## SUMMARY

- Revenue for the six months ended 30 September 2013 amounted to HK\$96,811,000 (2012: HK\$90,150,000), representing an increase of approximately 7% as compared with corresponding period of the previous year.
- Profit attributable to owners of the Company for the six months ended 30 September 2013 amounted to HK\$1,015,000 while profits attributable to owners of the Company for the six months ended 30 September 2012 amounted to HK\$2,817,000.
- Basic earnings per share for the six months ended 30 September 2013 amounted to approximately HK\$0.26 cents while basic earnings per share for the six months ended 30 September 2012 amounted to approximately HK\$0.90 cents.

## UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Note	Three months ended 30 September		Six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
<b>Revenue</b>	3	<b>49,816</b>	48,149	<b>96,811</b>	90,150
Direct cost		(45,930)	(41,515)	(89,390)	(80,320)
<b>Gross profit</b>		<b>3,886</b>	6,634	<b>7,421</b>	9,830
Other income	3	269	472	286	472
General and administrative expense		(2,969)	(2,406)	(6,243)	(4,172)
Other operating expense		–	(1,583)	–	(2,262)
<b>Operating profit</b>		<b>1,186</b>	3,117	<b>1,464</b>	3,868
Finance cost	4	(84)	(99)	(185)	(162)
<b>Profit before income tax</b>	5	<b>1,102</b>	3,018	<b>1,279</b>	3,706
Income tax expense	6	(200)	(593)	(264)	(889)
<b>Profit for the period</b>		<b>902</b>	2,425	<b>1,015</b>	2,817
<b>Other comprehensive income for the period</b>		–	–	–	–
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>902</b>	2,425	<b>1,015</b>	2,817
<b>Earnings per share for profit attributable to owners of the Company — Basic and diluted (HK cents)</b>	8	<b>0.23</b>	0.77	<b>0.26</b>	0.90

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

For the six months ended 30 September 2013

	Note	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,394	1,619
<b>Current assets</b>			
Trade and other receivables, prepayments and deposit	10	33,207	28,622
Amounts due from director		–	3,159
Amount due from ultimate holding company		27	27
Tax recoverable		–	186
Pledged bank deposit		500	500
Cash at bank		31,945	6,565
		<b>65,679</b>	<b>39,059</b>
<b>Current liabilities</b>			
Accrued expenses and other payable	11	19,412	19,868
Bank borrowing	12	4,475	4,687
Obligation under a finance lease		271	271
Amounts due to director		16	–
		<b>24,174</b>	<b>24,826</b>
<b>Net current asset</b>		<b>41,505</b>	<b>14,233</b>
<b>Total assets less current liabilities</b>		<b>42,899</b>	<b>15,852</b>
<b>Non-current liabilities</b>			
Obligation under a finance lease		576	709
<b>Net asset</b>		<b>42,323</b>	<b>15,143</b>
<b>EQUITY</b>			
Equity attributable to the Company's owners			
Share capital	13	4,000	313
Share premium		22,478	–
Reserve		15,845	14,830
<b>Total equity</b>		<b>42,323</b>	<b>15,143</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve* <i>HK\$'000</i>	Retained earnings* <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>At 1 April 2012</b>	86	–	14	14,783	14,883
Total comprehensive income for the period	–	–	–	2,817	2,817
<b>At 30 September 2012 (Audited)</b>	86	–	14	17,600	17,700
<b>At 1 April 2013</b>	<b>313</b>	–	<b>(213)</b>	<b>15,043</b>	<b>15,143</b>
Issue of shares upon Placing	750	30,000	–	–	30,750
Issue of shares upon Capitalisation	2,937	(2,937)	–	–	–
Expenses incurred in connection with the issue of shares during the period	–	(4,585)	–	–	(4,585)
Total comprehensive income for the period	–	–	–	1,015	1,015
<b>At 30 September 2013 (Unaudited)</b>	<b>4,000</b>	<b>22,478</b>	<b>(213)</b>	<b>16,058</b>	<b>42,323</b>

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



# UNAUDITED CONDENSED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 September 2013

	Six months ended	
	30 September 2013 (Unaudited) HK\$'000	30 September 2012 (Audited) HK\$'000
<i>Note</i>		
<b>Cash flows from investing activities</b>		
Interest received	26	–
Proceeds from disposal of property, plant and equipment	–	470
Purchase of property, plant and equipment	(77)	(520)
<i>Net cash used in investing activities</i>	(51)	(50)
<b>Cash flows from financing activities</b>		
Proceeds from new bank borrowing	2,000	–
Repayment of bank borrowing	(2,212)	(204)
Net proceeds from factoring of trade debts	–	2,000
Issuance of shares	30,750	–
Expenses incurred in connection with the issue of shares	(4,585)	–
Interest paid	(154)	(149)
Dividend paid	–	–
Capital element of finance lease liabilities	(133)	(42)
Interest element of finance lease payment	(31)	(13)
<i>Net cash generated from financing activities</i>	25,635	1,592
<b>Net increase in cash and cash equivalent</b>	25,380	2,046
<b>Cash and cash equivalents at beginning of period</b>	6,565	4,426
<b>Cash and cash equivalents at end of period</b>	31,945	6,472
<b>Analysis of balances of cash and cash equivalents</b>		
Cash at bank	31,945	6,472

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION BASIS OF PREPARATION

Zebra Strategic Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Cayman Islands. The Company’s shares are listed on the GEM of the Stock Exchange since 10 April 2013.

The unaudited condensed consolidated financial information for the six months ended 30 September 2013 (“Interim Financial Information”) have been prepared in accordance with Hong Kong Accounting Standard (“HKASs”) 34 “Interim Financial Reporting” issued by the Hong Kong Institutes of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial information should be read in conjunction with audited financial statements and notes thereto for the year ended 31 March 2013 (“2013 Audited Financial Statements”). The significant accounting policies that have been used in the preparation of these unaudited consolidated results are consistent with those followed in the preparation of 2013 Audited Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of unaudited condensed consolidated financial information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting period beginning on 1 April 2013, the adoption of the new HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

The Interim Financial Information are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Information were approved for issue on 6 November 2013.

## 2. 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.

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:

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Customer A	34,500	31,715	66,479	60,291
Customer B	6,251	7,006	12,190	13,905

### 3. REVENUE AND OTHER INCOME

The Company is principally engaged in the provision of staff outsourcing services. The Company also engaged in the provision of executive/staff search services and other human resources support services.

An analysis of the Group's revenue and other income is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
<b>Revenue</b>				
Staff outsourcing service	46,464	41,990	90,330	81,136
Executive/Staff search service	2,610	4,338	5,088	6,120
Other human resources support service	742	1,821	1,393	2,894
	<b>49,816</b>	<b>48,149</b>	<b>96,811</b>	<b>90,150</b>
<b>Other income</b>				
Bank interest income	9	2	26	-
Gain on disposal of property, plant and equipment	-	470	-	470
Sundry income	260	-	260	2
	<b>269</b>	<b>472</b>	<b>286</b>	<b>472</b>
	<b>50,085</b>	<b>48,621</b>	<b>97,097</b>	<b>90,622</b>

#### 4. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Interest charges on:				
Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	70	86	154	149
Obligation under a finance lease	14	13	31	13
	<b>84</b>	<b>99</b>	<b>185</b>	<b>162</b>

#### 5. PROFIT BEFORE INCOME TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Auditor's remuneration	50	20	100	40
Direct costs	45,930	41,515	89,390	80,320
Depreciation:				
— Owned asset	17	13	31	29
— Leased asset	135	91	271	89
	152	104	302	118
Employee benefits expenses (including directors' remuneration):				
Salaries, allowances and benefits in kind, included in				
— Direct costs	43,938	39,967	85,668	77,482
— General and administrative expenses	1,357	1,273	3,393	2,227
Retirement benefits — defined contribution plans, included in				
— Cost of services rendered	1,637	1,499	3,211	2,787
— General and administrative expenses	53	49	105	83
	46,985	42,788	92,377	82,579
Exchange loss, net	—	11	10	11
Gain on disposal of property, plant and equipment	—	(470)	—	(470)
Listing expense	—	2,262	—	2,262
Operating lease charges in respect of a rented premise	280	242	371	483

## 6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Current tax				
— Hong Kong Profits Tax — charged for the year	200	491	264	828
— Enterprise Income Tax of the People's Republic of China (the "PRC")	—	102	—	61
	<b>200</b>	<b>593</b>	<b>264</b>	<b>889</b>

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 six months ended 30 September 2012, therefore, is subjected to PRC Enterprise Income Tax in respect of its income derived in the PRC for the six months ended 30 September 2012. Pursuant to the PRC Enterprise Income Tax Laws and Regulations (中華人民共和國企業所得稅法及其實施細則), as Zebra SOS is a tax non-resident enterprise, its PRC Enterprise Income Tax is payable at a rate of 10%. Furthermore, according to the Interim Measures for the Administration of Source-based Withholding of Enterprise Income Tax on Non-resident Enterprises (非居民企業所得稅源泉扣繳管理暫行辦法), the PRC Enterprise Income Tax payable by Zebra SOS shall be withheld and paid, on its behalf, by its PRC customers as withholding agents.

For the six months ended 30 September 2013, no PRC Enterprise Income Tax have incurred as Zebra SOS did not sell any eHRIS software to PRC customers.

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.

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

## 7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: nil).

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2013 is based on the profit attributable to the owners of the Company amounting to HK\$1,015,000 (six months ended 30 September 2012: HK\$2,817,000), and the weighted average number of shares of 39,625,000 in issue (six months ended 30 September 2012: 325,000,000 shares of the Company in issue, being the number of shares in issue immediately after capitalisation issue as if these shares had been issued) throughout the period. The details of the capitalisation issue are published in note 24(f) to the financial statements, included in the annual report of the Company for the year ended 31 March 2013, dated 26 June 2013.

No diluted earnings per share is calculated for the six months ended 30 September 2013 and 2012 as there were no dilutive potential ordinary shares in existence.

## 9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <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>
<b>Six months ended</b>					
<b>30 September 2013 (Unaudited)</b>					
Opening net book value	54	12	132	1,421	1,619
Addition	–	–	77	–	77
Depreciation	(9)	(2)	(24)	(267)	(302)
	<b>45</b>	<b>10</b>	<b>185</b>	<b>1,154</b>	<b>1,394</b>
<b>At 30 September 2013 (Unaudited)</b>					
Cost	583	146	533	1,776	3,038
Accumulated depreciation	(538)	(136)	(348)	(622)	(1,644)
Net book value	<b>45</b>	<b>10</b>	<b>185</b>	<b>1,154</b>	<b>1,394</b>

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<b>As at 30 September 2013 (Unaudited) <i>HK\$'000</i></b>	As at 31 March 2013 (Audited) <i>HK\$'000</i>
Trade receivables	<b>30,470</b>	27,740
Other receivable	–	40
Prepayment	<b>2,353</b>	542
Deposit	<b>384</b>	300
	<b>33,207</b>	28,622

The factoring transactions did not meet the requirements in HKAS 39 for de-recognition of financial assets as the Group retained substantially all of the risks and rewards of ownership of the discounted trade debts. As at 30 September 2013, trade receivables of HK\$30,470,000 (31 March 2013: HK\$27,740,000) continued to be recognised in the Group's financial statements even though they have been legally transferred to the financial institution. The proceeds of the factoring transactions are included in borrowings as asset-backed financing (note 11) until the trade receivables are collected or the Company settles any losses suffered by the financial institution. As at 30 September 2013, the asset-backed financial liability of the Company amounted to HK\$2,000,000 (31 March 2013: HK\$2,000,000).

Since the trade receivables have been transferred to the financial institution legally, the Company do not have the authority to determine the disposition of the trade receivables.

#### 11. ACCRUED EXPENSES AND OTHER PAYABLES

	<b>As at 30 September 2013 (Unaudited) HK\$'000</b>	As at 31 March 2013 (Audited) HK\$'000
Accrued expenses and other payable	18,783	19,122
Deferred revenue	395	415
Receipts in advance	234	331
	<b>19,412</b>	<b>19,868</b>

#### 12. BANK BORROWINGS

	<b>As at 30 September 2013 (Unaudited) HK\$'000</b>	As at 31 March 2013 (Audited) HK\$'000
<b>Current</b>		
Bank loans ( <i>notes (a), (b), (c)</i> )	4,475	4,687
<b>Analysed into:</b>		
Bank loans repayable: ( <i>notes (d)</i> )		
Within one year	4,217	4,429
In the second year	258	258
	<b>4,475</b>	<b>4,687</b>

*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 30 September 2013, there are asset-backed financing, amounting to HK\$nil (2013: HK\$2,000,000), included in bank loans. The asset-backed financing represents the amount of financing obtained in factoring transactions which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in trade receivables (note a).
- (c) As at 30 September 2013, another secured bank borrowing represents a revolving loan with a principal amount of HK\$4,000,000 (2013: HK\$2,000,000) that bears interest at 3% per annum over Hong Kong inter-bank offered rate.
- (d) 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.
- (e) Other relevant information about the borrowings was:

As at 30 September 2013, one of the secured bank borrowings represents an instalment loan with a principal amount of HK\$2,000,000 (2012: HK\$2,000,000) that bears interest at 1.25% per annum below the bank's HK\$ prime rate and is repayable in 59 monthly instalments.

As at 30 September 2013, asset-backed financing liability of HK\$nil (2013: HK\$2,000,000) bear 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 directors consider that the carrying amounts of the Group's borrowings approximate their fair values.

### 13. SHARE CAPITAL

	Number of shares	Nominal value
Notes	(Unaudited)	(Unaudited) HK\$'000
Authorised		
Upon incorporation, ordinary shares of HK\$0.1 each (note (a))	3,800,000	380
Share sub-division (note (b))	34,200,000	–
Increase in authorised capital, ordinary shares of HK\$0.01 each (note (e))	4,962,000,000	49,620
	<hr/>	<hr/>
As at 30 September 2013 and 31 March 2013, ordinary shares of HK\$0.01 each	5,000,000,000	50,000
	<hr/>	<hr/>
<b>Issued and fully paid:</b>		
Upon incorporation, ordinary shares of HK\$0.1 each (note (a))	10	–
Share sub-division (note (b))	90	–
Issue of shares, ordinary shares of HK\$0.01 each (note (d))	31,250,000	313
	<hr/>	<hr/>
At 31 March 2013, ordinary shares of HK\$0.01 each	31,250,100	313
Issue of shares upon capitalisation (note (f))	293,749,900	2,937
Issue of shares upon placing, ordinary shares of HK\$0.01 each (note (g))	75,000,000	750
	<hr/>	<hr/>
As at 30 September 2013	400,000,000	4,000
	<hr/>	<hr/>

*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.

#### 14. RELATED PARTY TRANSACTIONS

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

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Service income received from a related party	2	2	36	36
Underwriting commission paid to the related company	-	-	1,025	-

Mr. Pan Chik is a director of the related party. Mr. Chang Tin Duk, Victor was a director of the related party and resigned on 16 August 2012.

(b) **Compensation of key management personnel**

	<b>Three months ended 30 September</b>		<b>Six months ended 30 September</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000	<b>2013 (Unaudited) HK\$'000</b>	2012 (Audited) HK\$'000
Total remuneration of directors during the period				
— Short-term employee benefits	<b>210</b>	210	<b>420</b>	420
— Post-employment benefits	<b>4</b>	4	<b>8</b>	8
	<b>214</b>	214	<b>428</b>	428

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

**15. RESERVES**

The amounts of the Group's unaudited reserves and the movements therein for the current and the same period of previous year are presented in the condensed consolidated statement of changes in equity of the financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECTS

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.

Since the external environment remains challenging for the banking industry and the global economy is burdened by many uncertainties, there was evidently a slowdown in demand for executive/staff search services throughout the past six months, resulting in a decrease of approximately 17% in the Group’s executive/staff search revenue for the six months ended 30 September 2013 as compared with the corresponding period of the previous year. However, the demand for outsourcing staff services remained strong and steady, showing an increase of 11% in revenue as compared to the corresponding period of the previous year, only to show that under the present economic skepticism, our customers are relying more on our services in order to lower staff operation costs and enhance their staff flexibility. As at 30 September 2013, we have seconded 695 outsourcing staff to our clients, representing an increase of 5% as compared with the last corresponding period (2012: 665 outsourcing staff). In view of the opportunity arising from the growing demand for outsourcing staff services, we are broadening our market penetration into China, and exploring the opportunities that are available in Qian Hai, Hengqin and Shanghai. We have identified a number of potential partners in China for strategic alliance and we hope this will generate positive impacts to the Group’s financial results in the near future.

Enhancing and upgrading our existing eHRIS software is still the primary objective of the Group. We are still in the developing stages to create the roster management application, and in the finalizing stage for approving the development plan to upgrade the present web base program. During the six months ended 30 September 2013, the Group entered into a subscription agreement with an independent third party developing an online human resources portal, to subscribe the convertible bonds of amounting to HK\$5,000,000. The convertible bonds were disposed of during the period. For further details, please refer to the announcements dated 5 June 2013 and 16 September 2013 respectively.

## FINANCIAL REVIEW

The Group recorded an unaudited revenue of approximately HK\$96,811,000 for the six months ended 30 September 2013, representing an increase of 7% from approximately HK\$90,150,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$90,330,000 or 93% was generated from staff outsourcing services, approximately HK\$5,088,000 or 5% was generated from executive/staff search services and approximately HK\$1,393,000 or 1% was generated from other human resources support services. The unaudited net profit attributable to shareholders for the six months ended 30 September 2013 was HK\$1,015,000 whereas the Group recorded a net profit of approximately HK\$2,817,000 for the corresponding period of the previous year.

During the period, the Group's gross profit for the six months ended 30 September 2013 was HK\$7,421,000, representing a decrease of 25% as compared with the corresponding period (2012: HK\$9,830,000). The gross profit margin of the Group for the six months ended 30 September 2013 was 8%, representing a decrease of 3% as compared with the last corresponding period. Such decrease was due to lower turnover from both executive/staff search services and other human resources support services.

The Group's general and administrative expense for the six months ended 30 September 2013 amounted to HK\$6,243,000, representing an increase of 50% as compared with the last corresponding period (2012: HK\$4,172,000). The increase was mainly due to legal and professional fee related to the Listing, and the special bonus paid to employees in connection with the success of the Listing.

### Liquidity and Finance Resources

During the period under review, the Group financed its operations by internally generated cash flow and banking facilities provided by banks. As at 30 September 2013, the Group had net current assets of HK\$41,505,000 (30 September 2012: HK\$14,233,000) including bank balances and cash of approximately HK\$31,945,000 (30 September 2012: HK\$6,565,000). The current ratio, being the ratio of current assets to current liabilities, as at 30 September was approximately 2.7 (30 September 2012: 1.6).

As at 30 September 2013, the Group's gearing ratio was 11.2% (31 March 2013: 37.4%), which is calculated based on the Group's total borrowings of approximately HK\$4,746,000 (31 March 2013: HK\$5,667,000) and the Group's total equity of approximately HK\$42,323,000 (31 March 2013: HK\$15,143,000).

### **Capital Structure of the Group**

The Company's shares were successfully listed on GEM on 10 April 2013 ("Listing Date"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement. 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 30 September 2013, the Group did not have any material contingent liabilities.

### **Significant Investment**

As at 30 September 2013, the Group did not have any significant investment.

### **Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

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.

Save as aforesaid, during the six months ended 30 September 2013, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

### **Employees and Remuneration Policies**

As at 30 September 2013, the Group's staff costs, including director's remuneration, were approximately HK\$92,377,000 (2012: HK\$82,579,000). 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.

## **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

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.

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

- 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

### *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

## **Actual business progress up to the date of the Announcement**

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 and shipping sector in Hong Kong.

The Group has proposed several locations for the expansion of PRC presence and Qian Hai Special Economic Zone in Shenzhen is presently being considered.

The Group has appointed consultants to look for strategic partners in PRC and Singapore 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 consultants to identify potential partners in the PRC and Singapore engaging in executive/staff search services for strategic alliance.

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

**Actual business progress up to the date of the Announcement**

*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

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

The Group has recruited 1 additional staff for the system support of the 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

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 is considering to provide a one-stop human resource support service related to 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.

## USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$21.2 million. During the period, the net proceeds from the placing had been applied as follows:

	<b>Planned use of Proceeds as stated in the Prospectus during the Relevant Period</b>	<b>Actual use of proceeds during the Relevant Period</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
General working capital	200	200
Development of other human resources support	200	–
Upgrading of eHRIS software	300	–
Development in PRC and Singapore market	820	250
Expansion for alliance network and business	600	–

## 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 period under review and there were no outstanding share options under the Scheme as at 30 September 2013.

## DIRECTORS AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

## 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 (Note 1)	58.75%
Kung, Phong ("Mr. Kung")	Interest in controlled corporation	235,000,000 (Note 1)	58.75%
Pan, Chik (Mr. Pan")	Interest in controlled corporation	65,000,000 (Note 2)	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 Investments Ltd. ("Z Strategic")	Beneficial owner (Note 1)	3	50%
Mr. Kung	Z Strategic	Beneficial owner (Note 1)	3	50%

### Notes:

1. 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.
2. 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.

## INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executives of the Company, as at 30 September 2013, 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.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 30 September 2013. The Company had not redeemed any of its listed securities during the six months ended 30 September 2013.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with required standard set out in the Securities Code during the six months ended 30 September 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.

During the six months ended 30 September 2013, 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.

## **COMPETITION AND CONFLICT OF INTEREST**

None of the directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during six months ended 30 September 2013.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by the Company’s compliance adviser, Messis Capital Limited (the “Compliance Adviser”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 March 2013, which commencing on 10 April 2013, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 September 2013 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **REMUNERATION COMMITTEE**

The Company established a remuneration committee in March 2013. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The chairman of the remuneration committee is Mr. Lam, Raymond Shiu Cheung and other members include one executive Director, namely Mr. Chang Tin Duk, Victor, and Mr. Ng Kwan Ho, Andy and Mr. Tam Tak Kei, Raymond, both of them are independent non-executive directors of the Company.

## **NOMINATION COMMITTEE**

The Company established a nomination committee in March 2013. The primary duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession. The chairman of the nomination committee is Mr. Tam Tak Kei, Raymond and other members include one executive Director, namely Mr. Chang Tin Duk, Victor, and Mr. Ng Kwan Ho, Andy and Mr. Lam, Raymond Shiu Cheung, both of them are independent non-executive directors of the Company.

## **AUDIT COMMITTEE**

The Company established an audit committee in March 2013 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. 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. The chairman of the audit committee is Mr. Ng Kwan Ho, Andy and other members include Mr. Lam, Raymond Shiu Cheung and Mr. Tam Tak Kei, Raymond, all of them are independent non-executive directors of the Company.

The Group's unaudited results for the six months ended 30 September 2013 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By Order of the Board  
**Zebra Strategic Holdings Limited**  
**Chang Tin Duk, Victor**  
*Chairman*

Hong Kong, 6 November 2013

*Executive Directors as at the date of this report:*

Mr. Chang Tin Duk, Victor (*Chairman*)

Mr. Kung Phong

*Non-executive Director as at the date of this report:*

Mr. Pan Chik

*Independent Non-executive Directors as at the date of this report:*

Mr. Ng Kwan Ho, Andy

Mr. Lam, Raymond Shiu Cheung

Mr. Tam Tak Kei, Raymond