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## **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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014**

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

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

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

*This announcement, for which the directors (the “Directors”) of Zebra Strategic Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2014, together with the comparative audited figures for the year ended 31 March 2013 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2014*

|  | <i>Notes</i> | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| <b>Revenue</b>   | 5            | <b>194,660</b>                 | 182,276                 |
| Direct costs   |              | <u>(180,013)</u>               | <u>(163,687)</u>        |
| <b>Gross profit</b>  |              | <b>14,647</b>                  | 18,589                  |
| Other income   | 5            | <b>314</b>                     | 472                     |
| General and administrative expenses  |              | <b>(14,239)</b>                | (9,159)                 |
| Other operating expenses   |              | –                              | (4,894)                 |
| Share of losses of associates  | 12           | <u>(3)</u>                     | <u>–</u>                |
| <b>Operating profit</b>  |              | <b>719</b>                     | 5,008                   |
| Finance costs  | 6            | <u>(248)</u>                   | <u>(394)</u>            |
| <b>Profit before income tax</b>  | 7            | <b>471</b>                     | 4,614                   |
| Income tax expense   | 8            | <u>(196)</u>                   | <u>(1,354)</u>          |
| <b>Profit for the year</b>   |              | <u><b>275</b></u>              | <u>3,260</u>            |
| <b>Other comprehensive income for the year</b>                                       |              | <u>–</u>                       | <u>–</u>                |
| <b>Total comprehensive income for the year attributable to owners of the Company</b> |              | <u><b>275</b></u>              | <u>3,260</u>            |
| <b>Earnings per share for profit attributable to owners of the Company</b>           |              |                                |                         |
| — Basic and diluted (HK cents)   | 10           | <u><b>0.1</b></u>              | <u>1.0</u>              |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

|  | <i>Notes</i> | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| <b>ASSETS AND LIABILITIES</b>                            |              |                                |                         |
| <b>Non-current assets</b>                                |              |                                |                         |
| Property, plant and equipment                            | <i>11</i>    | <b>1,499</b>                   | 1,619                   |
| Investments in associates                                | <i>12</i>    | –                              | –                       |
|  |              | <u><b>1,499</b></u>            | <u>1,619</u>            |
| <b>Current assets</b>                                    |              |                                |                         |
| Trade and other receivables, prepayments<br>and deposits | <i>13</i>    | <b>32,011</b>                  | 28,622                  |
| Amounts due from directors                               |              | –                              | 3,159                   |
| Amounts due from ultimate holding company                |              | <b>50</b>                      | 27                      |
| Amounts due from associates                              |              | <b>52</b>                      | –                       |
| Tax recoverable  |              | <b>601</b>                     | 186                     |
| Pledged bank deposits                                    |              | <b>6,510</b>                   | 500                     |
| Cash at banks and in hand                                |              | <b>21,727</b>                  | 6,565                   |
|  |              | <u><b>60,951</b></u>           | <u>39,059</u>           |
| <b>Current liabilities</b>                               |              |                                |                         |
| Accrued expenses and other payables                      | <i>14</i>    | <b>17,898</b>                  | 19,868                  |
| Bank borrowings  | <i>15</i>    | <b>2,260</b>                   | 4,687                   |
| Obligation under a finance lease                         |              | <b>291</b>                     | 271                     |
|  |              | <u><b>20,449</b></u>           | <u>24,826</u>           |
| <b>Net current assets</b>                                |              | <u><b>40,502</b></u>           | 14,233                  |
| <b>Total assets less current liabilities</b>             |              | <u><b>42,001</b></u>           | 15,852                  |
| <b>Non-current liabilities</b>                           |              |                                |                         |
| Obligation under a finance lease                         |              | <u><b>418</b></u>              | 709                     |
| <b>Net assets</b>  |              | <u><b>41,583</b></u>           | <u>15,143</u>           |
| <b>EQUITY</b>  |              |                                |                         |
| Equity attributable to the Company's owners              |              |                                |                         |
| Share capital  | <i>16</i>    | <b>4,000</b>                   | 313                     |
| Reserves   |              | <b>37,583</b>                  | 14,830                  |
| <b>Total equity</b>                                      |              | <u><b>41,583</b></u>           | <u>15,143</u>           |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

|   | Share<br>capital<br><i>HK\$'000</i> | Share<br>premium*<br><i>HK\$'000</i> | Merger<br>reserve*<br><i>HK\$'000</i> | Retained<br>earnings*<br><i>HK\$'000</i> | Total<br>equity<br><i>HK\$'000</i> |
|---|-------------------------------------|--------------------------------------|---------------------------------------|--|------------------------------------|
| <b>At 1 April 2012</b>  | –                                   | –                                    | 100                                   | 14,783                                   | 14,883                             |
| Issue of shares ( <i>Notes 16(a) &amp; (d)</i> )                            | 313                                 | –                                    | (313)                                 | –  | –                                  |
| 2013 interim dividend declared<br>( <i>Note 9</i> )                         | –                                   | –                                    | –                                     | (3,000)                                  | (3,000)                            |
| Transactions with owners  | 313                                 | –                                    | (313)                                 | (3,000)                                  | (3,000)                            |
| Total comprehensive income<br>for the year                                  | –                                   | –                                    | –                                     | 3,260                                    | 3,260                              |
| <b>At 31 March 2013 and<br/>1 April 2013</b>                                | 313                                 | –                                    | (213)                                 | 15,043                                   | 15,143                             |
| Issue of shares upon Placing<br>( <i>Note 16(g)</i> )                       | 750                                 | 30,000                               | –                                     | –  | 30,750                             |
| Issue of shares upon Capitalisation<br>( <i>Note 16(f)</i> )                | 2,937                               | (2,937)                              | –                                     | –  | –                                  |
| Expenses incurred in connection with<br>the issue of shares during the year | –                                   | (4,585)                              | –                                     | –  | (4,585)                            |
| Transactions with owners  | 3,687                               | 22,478                               | –                                     | –  | 26,165                             |
| Total comprehensive income<br>for the year                                  | –                                   | –                                    | –                                     | 275                                      | 275                                |
| <b>At 31 March 2014</b>   | <u>4,000</u>                        | <u>22,478</u>                        | <u>(213)</u>                          | <u>15,318</u>                            | <u>41,583</u>                      |

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

Notes:

## 1. GENERAL AND BASIS OF PREPARATION

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

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The significant accounting policies that have been used in preparation of the financial statements have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 3.

The financial statements have been prepared under the historical cost basis. It should be noted that accounting estimates and assumptions are used in 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.

## 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year.

|  |   |
|--|---|
| HKFRSs (Amendments)                              | Annual Improvements 2009–2011 Cycle   |
| HKFRSs (Amendments)                              | Annual Improvements 2010–2012 Cycle   |
| Amendments to HKAS 1 (Revised)                   | Presentation on Items of Other Comprehensive Income   |
| Amendments to HKFRS 7                            | Offsetting Financial Assets and Financial Liabilities   |
| HKFRS 10   | Consolidated Financial Statements   |
| HKFRS 12   | Disclosure of Interests in Other Entities   |
| Amendments to HKFRS 10,<br>HKFRS 11 and HKFRS 12 | Consolidated Financial Statements, Joint Arrangements and<br>Disclosure of Interests in Other Entities: Transition Guidance |
| HKFRS 13   | Fair Value Measurement  |
| HKAS 19 (2011)                                   | Employee Benefits   |
| HKAS 27 (2011)                                   | Separate Financial Statements   |
| HKAS 28 (2011)                                   | Investments in Associates and Joint Ventures  |

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 4. 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:

|            | 2014<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| Customer A | 132,039                 | 124,220                 |
| Customer B | 23,157                  | 23,362                  |

#### 5. 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:

|   | 2014<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Revenue</b>                                    |                         |                         |
| Staff outsourcing services                        | 181,804                 | 164,681                 |
| Executive/Staff search services                   | 9,447                   | 10,319                  |
| Other human resources support services            | 3,409                   | 7,276                   |
|   | <u>194,660</u>          | <u>182,276</u>          |
| <b>Other income</b>                               |                         |                         |
| Interest income from                              |                         |                         |
| • bank deposits                                   | 36                      | 1                       |
| • amount due from a director                      | 28                      | –                       |
| Gain on disposal of property, plant and equipment | –                       | 470                     |
| Sundry income                                     | 250                     | 1                       |
|   | <u>314</u>              | <u>472</u>              |
|   | <u>194,974</u>          | <u>182,748</u>          |

## 6. FINANCE COSTS

|  | 2014<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Interest charges on:   |                         |                         |
| Bank borrowings, which contain a repayment on demand clause,<br>wholly repayable within five years | 191                     | 345                     |
| Obligation under a finance lease   | 57                      | 49                      |
|  | <u>248</u>              | <u>394</u>              |

## 7. PROFIT BEFORE INCOME TAX

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

|   | 2014<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Auditor's remuneration  | 350                     | 200                     |
| Cost of services rendered   | 180,013                 | 163,687                 |
| Depreciation:   |                         |                         |
| — Owned assets  | 97                      | 59                      |
| — Leased assets   | 533                     | 355                     |
|   | 630                     | 414                     |
| Employee benefits expenses (including directors' remuneration):             |                         |                         |
| Salaries, allowances and benefits in kind, included in                      |                         |                         |
| — Direct costs  | 173,237                 | 157,554                 |
| — General and administrative expenses                                       | 6,029                   | 4,987                   |
| Retirement benefits — defined contribution plans <sup>1</sup> , included in |                         |                         |
| — Direct costs  | 6,631                   | 5,822                   |
| — General and administrative expenses                                       | 188                     | 176                     |
|   | 186,085                 | 168,539                 |
| Exchange (gain)/loss, net   | (3)                     | 12                      |
| Gain on disposal of property, plant and equipment                           | –                       | (470)                   |
| Listing expenses <sup>2</sup>   | –                       | 4,894                   |
| Operating lease charges in respect of rented premises                       | 1,201                   | 966                     |
| Provision for impairment on trade receivables                               | 64                      | –                       |
|   | <u>64</u>               | <u>–</u>                |

<sup>1</sup> No forfeited contributions available for offset against existing contributions during the year

<sup>2</sup> Included in “other operating expenses” in the consolidated statement of comprehensive income

## 8. INCOME TAX EXPENSE

|  | 2014<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current tax  |                         |                         |
| — Hong Kong Profits Tax  |                         |                         |
| — charged for the year   | 206                     | 1,077                   |
| (Over)/Under-provision in prior years                              |                         |                         |
| — Hong Kong Profits Tax  | (10)                    | 5                       |
| — The People's Republic of China (the "PRC") Enterprise Income Tax |                         |                         |
| — charged for the year   | —                       | 272                     |
|  | <u>196</u>              | <u>1,354</u>            |

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 (2013: 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 ended 31 March 2013, therefore, was subject to PRC Enterprise Income Tax in respect of its income derived in the PRC for that 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 had been withheld 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 yet applied for such approval from the PRC tax authorities.



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

|   | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Profit before income tax  | <u>471</u>                     | <u>4,614</u>            |
| Income tax at Hong Kong Profits Tax rate of 16.5%                         | 78                             | 761                     |
| Tax effect of different taxation rate in other tax jurisdiction           | –                              | (179)                   |
| Tax effect of non-deductible expenses                                     | 203                            | 855                     |
| Tax effect of non-taxable income  | (51)                           | –                       |
| Utilisation of deductible temporary differences previously not recognised | (24)                           | (88)                    |
| (Over)/Under-provision in prior years                                     | <u>(10)</u>                    | <u>5</u>                |
| Income tax expense for the year   | <u><u>196</u></u>              | <u><u>1,354</u></u>     |

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

## 9. DIVIDEND

No dividends has been paid or declared by the Company for the years ended 31 March 2014 and 31 March 2013. During the year ended 31 March 2013, dividends declared and paid by Orient Apex and Zebra SOS to its then shareholders are summarised as follows:

|   | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| <b>Dividends attributable to the year</b> |                                |                         |
| Interim dividend paid                     | <u>–</u>                       | <u>3,000</u>            |

During the year ended 31 March 2013, Ascent Way (as defined in Note 16(a)), a shareholder of Orient Apex, waived its dividend entitlement in the amount of HK\$3,000,000, which was paid to Z Strategic (as defined in Note 16(c)) on 20 March 2013.

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

## 10. EARNINGS PER SHARE

The calculations of basic earnings per share for the year ended 31 March 2014 are based on the profit attributable to the owners of the Company amounting to HK\$275,000 (2013: HK\$3,260,000), and the weighted average number shares of 398,151,000 in issue (2013: 325,000,000 being the number in issue immediately after Capitalisation (as detailed in Note 16(f)) as if these shares had been issued throughout the year) throughout the year.

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

## 11. PROPERTY, PLANT AND EQUIPMENT

|  | Leasehold<br>improvements<br><i>HK\$'000</i> | Furniture<br>and fixtures<br><i>HK\$'000</i> | Office<br>equipment<br>and<br>computer<br>software<br><i>HK\$'000</i> | Motor<br>vehicles<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|--|---|--------------------------------------|--------------------------|
| <b>At 1 April 2012</b>                   |  |  |   |                                      |                          |
| Cost                                     | 583  | 146  | 381   | 653                                  | 1,763                    |
| Accumulated depreciation                 | (510)  | (129)  | (289)   | (653)                                | (1,581)                  |
| Net carrying amount                      | <u>73</u>                                    | <u>17</u>                                    | <u>92</u>   | <u>–</u>                             | <u>182</u>               |
| <b>Year ended 31 March 2013</b>          |  |  |   |                                      |                          |
| 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              | <u>54</u>                                    | <u>12</u>                                    | <u>132</u>  | <u>1,421</u>                         | <u>1,619</u>             |
| <b>At 31 March 2013 and 1 April 2013</b> |  |  |   |                                      |                          |
| Cost                                     | 583  | 146  | 456   | 2,429                                | 3,614                    |
| Accumulated depreciation                 | (529)  | (134)  | (324)   | (1,008)                              | (1,995)                  |
| Net carrying amount                      | <u>54</u>                                    | <u>12</u>                                    | <u>132</u>  | <u>1,421</u>                         | <u>1,619</u>             |
| <b>Year ended 31 March 2014</b>          |  |  |   |                                      |                          |
| Opening net carrying amount              | 54   | 12   | 132   | 1,421                                | 1,619                    |
| Additions                                | –  | –  | 510   | –                                    | 510                      |
| Depreciation                             | (19)   | (5)  | (73)  | (533)                                | (630)                    |
| Closing net carrying amount              | <u>35</u>                                    | <u>7</u>                                     | <u>569</u>  | <u>888</u>                           | <u>1,499</u>             |
| <b>At 31 March 2014</b>                  |  |  |   |                                      |                          |
| Cost                                     | 583  | 146  | 966   | 2,429                                | 4,124                    |
| Accumulated depreciation                 | (548)  | (139)  | (397)   | (1,541)                              | (2,625)                  |
| Net carrying amount                      | <u>35</u>                                    | <u>7</u>                                     | <u>569</u>  | <u>888</u>                           | <u>1,499</u>             |

As at 31 March 2014, the net carrying amount of property, plant and equipment included the amount of a motor vehicle of approximately HK\$888,000 (2013: HK\$1,421,000) held for a motor vehicle under a finance lease respectively.

## 12. INVESTMENTS IN ASSOCIATES

|  | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Unlisted shares, at cost                     | <b>3</b>                       | –                       |
| Share of net liabilities other than goodwill | <b>(3)</b>                     | –                       |
|  | <u>–</u>                       | <u>–</u>                |

Particulars of the Company's associates, which are private companies with limited liability, as at 31 March 2014 are as follow:

| Name   | Country/<br>Place of<br>incorporation        | Particulars of issued<br>and fully paid share<br>capital | Percentage of<br>ownership<br>interests/<br>voting rights/<br>profit share | Principal activities |
|--|--|--|--|----------------------|
| <b>Interests held indirectly</b>   |  |  |  |                      |
| Zebra China Holdings Limited<br>("Zebra China")                              | The British Virgin<br>Islands<br>("The BVI") | 1,000 ordinary shares<br>of US\$1 each                   | 40%  | Investment holding   |
| Zebra Strategic Outsource Solution<br>(China) Limited<br>("Zebra SOS China") | The BVI                                      | 1,000 ordinary shares<br>of US\$1 each                   | 40%  | Investment holding   |
| Zebra Strategic Outsource China<br>Limited ("Zebra SOC")                     | Hong Kong                                    | 10,000 ordinary shares<br>of HK\$1 each                  | 40%  | Investment holding   |

On 3 December 2013, the Group had set up Zebra China, through Orient Apex, together with two other independent investors. Zebra China had then set up two subsidiaries, namely Zebra SOS China and Zebra SOC. The Group has 40% equity interest in Zebra China indirectly whereas Mr. Chang Tin Duk, Victor (Chairman and executive Director) is appointed as one of the three directors of Zebra China. As a result, the Directors consider they have the power to exercise significant influence and have treated the interests in Zebra China, Zebra SOS China and Zebra SOC as investments in associates.

The primary business of the associates is investment holding. The associates are established in the view of exploring opportunity in the PRC market.

The Group had only recognised portion of its share of losses of associates and discontinued further recognition of its share of losses of associates. The amounts of unrecognised share of those associates, extracted from the associates, both for the year and cumulatively, are as follows:

|   | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Unrecognised share of losses of associates for the year | <b>(15)</b>                    | –                       |
| Accumulated unrecognised share of losses of associates  | <b>(15)</b>                    | –                       |

The summarised financial information of the associates is as follows:

| <b>Period ended 31 March</b>                     | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Loss for the year and total comprehensive income | <u>(46)</u>                    | <u>–</u>                |

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

|                                   | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|-----------------------------------|--------------------------------|-------------------------|
| <b>Current</b>                    |                                |                         |
| Trade receivables ( <i>note</i> ) | <b>29,521</b>                  | 27,740                  |
| Other receivables                 | <b>560</b>                     | 40                      |
| Prepayments                       | <b>1,546</b>                   | 542                     |
| Deposits                          | <b>384</b>                     | 300                     |
|                                   | <u><b>32,011</b></u>           | <u>28,622</u>           |

*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% (2013: 5.75%) per annum on the proceeds received from the financial institution until the date the debtors pay. The financial institution also charges application fee 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. The proceeds of the discounting transactions are included in borrowings as asset-backed financing (Note 15) until the trade receivables are collected or the Group settles any losses suffered by the financial institution. At 31 March 2014, no trade receivables (2013: HK\$2,620,000) was discounted to any financial institution and no asset-backed financial liability was included in borrowings (2013: HK\$2,000,000).

The Group normally allows credit periods 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.

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

|                               | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|-------------------------------|--------------------------------|-------------------------|
| Neither past due nor impaired | <b>15,530</b>                  | 17,964                  |
| 1–90 days past due            | <b>13,921</b>                  | 7,488                   |
| 91–180 days past due          | <b>70</b>                      | 2,288                   |
|                               | <u><b>13,991</b></u>           | <u>9,776</u>            |
|                               | <u><b>29,521</b></u>           | <u>27,740</u>           |

Trade receivables that were neither past due nor impaired and that were past due but not impaired related to a number of customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

The movement in the allowance for impairment of trade receivables is as follows:

|                              | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|------------------------------|--------------------------------|-------------------------|
| Balance at beginning of year | –                              | –                       |
| Impairment loss recognised   | <b>64</b>                      | –                       |
| Amount written off           | <b>(64)</b>                    | –                       |
|                              | <hr/>                          | <hr/>                   |
| Balance at end of year       | <b>–</b>                       | –                       |
|                              | <hr/> <hr/>                    | <hr/> <hr/>             |

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 impairment allowance of HK\$64,000 (2013: Nil) and HK\$64,000 (2013: Nil) has been then written off against trade receivables. None of the trade receivables as at 31 March 2014 have been identified by the Group as having an impairment issue.

#### 14. ACCRUED EXPENSES AND OTHER PAYABLES

|                                     | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| Accrued expenses and other payables | <b>17,898</b>                  | 19,122                  |
| Deferred revenue                    | –                              | 415                     |
| Receipts in advance                 | –                              | 331                     |
|                                     | <hr/>                          | <hr/>                   |
|                                     | <b>17,898</b>                  | 19,868                  |
|                                     | <hr/> <hr/>                    | <hr/> <hr/>             |

#### 15. BANK BORROWINGS

|   | <b>2014</b><br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| <b>Current</b>                            |                                |                         |
| Bank loans ( <i>notes (a) &amp; (b)</i> ) | <b>2,260</b>                   | 4,687                   |
|   | <hr/> <hr/>                    | <hr/> <hr/>             |
| <b>Analysed into:</b>                     |                                |                         |
| Bank loans repayable ( <i>note (c)</i> ): |                                |                         |
| Within one year                           | <b>2,260</b>                   | 4,429                   |
| In the second year                        | –                              | 258                     |
|   | <hr/>                          | <hr/>                   |
|   | <b>2,260</b>                   | 4,687                   |
|   | <hr/> <hr/>                    | <hr/> <hr/>             |

*Notes:*

- (a) The interest-bearing bank borrowings are carried at amortised cost. The current bank borrowings are scheduled for repayment within one year.
- (b) As at 31 March 2014, there is no asset-backed financing (2013: HK\$2,000,000) included in bank loans. The asset-backed financing represented the amount of financing obtained in factoring

transactions which did not meet the de-recognition requirements in HKAS 39. The corresponding financial assets were included in trade receivables (Note 13).

- (c) The amounts due are presented according to the scheduled repayment dates pursuant to the loan agreements not taking into account the effect of any repayment on demand clause.
- (d) Other relevant information about the borrowings was:

As at 31 March 2014, secured bank borrowings included an instalment loan with a principal amount of HK\$2,000,000 (2013: 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. The outstanding balance of the instalment loan amounted to approximately HK\$260,000 (2013: HK\$687,000) as at 31 March 2014.

As at 31 March 2014, another secured bank borrowing represented a revolving loan with a principal amount of HK\$2,000,000 (2013: HK\$2,000,000) 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. The outstanding balance of the revolving loan amounted to approximately HK\$2,000,000 (2013: HK\$2,000,000) as at 31 March 2014.

As at 31 March 2013, bill payables of HK\$2,000,000 were included in the bank loans that 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 2014 are ranged from 4.0% to 58.1% (2013: 4.0% to 22.1%) per annum.

## 16. SHARE CAPITAL

|   | Number of<br>ordinary<br>shares | Nominal<br>value<br>HK\$'000 |
|---|---------------------------------|------------------------------|
| <b>Authorised:</b>  |                                 |                              |
| 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<br>HK\$0.01 each ( <i>note (e)</i> ) | 4,962,000,000                   | 49,620                       |
| <b>At 31 March 2013 and 2014, ordinary shares of HK\$0.01 each</b>                      | <b>5,000,000,000</b>            | <b>50,000</b>                |
| <b>Issued and fully paid:</b>   |                                 |                              |
| 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                          |
| <b>At 31 March 2013, ordinary shares of HK\$0.01 each</b>                               | <b>31,250,100</b>               | <b>313</b>                   |
| Issue of shares upon Capitalisation ( <i>note (f)</i> )                                 | 293,749,900                     | 2,937                        |
| Issue of shares upon Placing ( <i>note (g)</i> )  | 75,000,000                      | 750                          |
| <b>At 31 March 2014, ordinary shares of HK\$0.01 each</b>                               | <b>400,000,000</b>              | <b>4,000</b>                 |

*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, 1 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 Zebra Strategic Investments Ltd. (“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 became 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 and Z Strategic sold 25,000,000 shares of the Company, by way of private placements at HK\$0.41 each (together the “Placing”). Upon the Capitalisation and the Placing, the issued share capital of the Company became HK\$4,000,000 divided into 400,000,000 shares of HK\$0.01 each.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

For the year ended 31 March 2014, the Group has continued to maintain its market position as the leading human resources services provider in Hong Kong. Revenue derived from staff outsourcing services contributed to 93.40% of the Group's total revenue, amounting to approximately HK\$181,804,000 (2013: HK\$164,681,000). There is still a strong and growing demand for outsourcing services requested by existing clients, and this can be illustrated by the 12% growth in numbers of outsourcing candidates presently managed by the Group. The Group is currently managing 743 outsourcing candidates as compared to 663 outsourcing candidates back in 31 March 2013.

In an attempt to expand its income stream and diversify its business spectrum, the Company has built a new executive search team focusing on medical and pharmaceutical related services. For the year ended 2013, the Company diversified and expanded its executive search services into the fast moving consumer goods and luxury brand sectors in Hong Kong. The Company saw the need and growing demands for executives in the luxury brand sectors, given that sector have benefited from the influx of tourists from the PRC in recent years. Now in 2014, the Company saw yet another opportunity in the rising demand for medical executives and has strategically positioned themselves to provide executive search services for the medical and pharmaceutical sector. The Company believes that by developing both vertically and horizontally within the Group's existing platform, and by expanding their existing service network, the Group's performance and profit will be greatly improved.

Apart from staff outsourcing services and executive/staff search services mentioned above, the Group is also engaged in the provision of other human resources support services. Although revenue from the sale of the eHRIS software was significantly affected by the upgrading of the software in 2013, the Group managed to derive revenue from delivering maintenance services associated with the eHRIS software and other support services, bringing in revenue of approximately HK\$3,409,000 for the year ended 31 March 2014 (2013: HK\$7,276,000). Now that the upgrading of the eHRIS software has been completed, the Group is confident that with the new and improved applications of the software, it will secure more sales and attract new customers to use the product.

### **FINANCIAL REVIEW**

For the year ended 31 March 2014, the Group recorded revenue of approximately HK\$194,660,000 (2013: HK\$182,276,000), representing staff outsourcing revenue, executive/staff search revenue and other human resources support services revenue. Gross profit for the year ended 31 March 2014 was HK\$14,647,000 (2013: HK\$18,589,000), representing a gross profit margin of approximately 7.5% for the year ended 31 March 2014 (2013: approximately 10.2%).



During the year ended 31 March 2014, direct costs amounted to approximately HK\$180,013,000 (2013: HK\$163,687,000), representing costs rendered for sourcing and employing candidates for outsourcing services, and direct wages for executive/staff search teams and direct wages for human resources support team.

Other income for the year ended 31 March 2014 was approximately HK\$314,000 (2013: HK\$472,000), representing interest from bank deposits and director's loan of HK\$64,000 (2013: HK\$1,000), and sundry income of approximately HK\$250,000 (2013: HK\$1,000).

General and administrative expenses for the year ended 31 March 2014 were approximately HK\$14,239,000 (2013: HK\$9,159,000), representing a significant increase of 55.5% compared with that of last year, of which staff related costs were approximately HK\$5,988,000 (2013: HK\$4,904,178). Advertising expenses were approximately HK\$528,000 (2013: HK\$183,253). Consultancy fees were HK\$652,000 (2013: Nil), representing the costs of engaging a consultant to identify and negotiate with potential strategic partners. Professional fees were approximately HK\$913,000 (2013: HK\$5,000), mainly representing cost of obtaining legal advices on post listing issues and other professional fees related with share registering.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operation by its own working capital and from bank borrowings. Total net cash inflow from financing amounted to approximately HK\$23.2 million for the year ended 31 March 2014 (2013: net outflow of HK\$3.0 million) and the movements are mainly attributable to receiving approximately HK\$8.0 million from new bank borrowings, approximately HK\$26.2 million (2013: Nil) from issue of shares, net of expenses, and repayment of bank borrowings, bills payable, interest and dividend paid, payments of both capital and interest element of finance lease liabilities amounting to HK\$10.9 million (2013: HK\$8.9 million), in aggregate.

As at 31 March 2014, the Group's borrowings comprised bank loans and obligations under finance leases, the aggregate of which was approximately HK\$2,969,000 (2013: HK\$5,667,000). Among the total outstanding amounts of bank loans and obligations under finance leases as at 31 March 2014, 85.9% (2013: 87.5%) is repayable within the next year, 14.1% (2013: 12.5%) is repayable within the second to fifth years. The Group's bank loans are subject to floating interest rates while obligations under finance leases are subject to fixed interest rates.

The Group has a current ratio of approximately 2.98 comparing to that of approximately 1.57 as at 31 March 2013. As at 31 March 2014, the Group's gearing ratio was 7.1% (2013: 37.4%), which is calculated based on the Group's total borrowings of approximately HK\$2,969,000 (2013: HK\$5,667,000) and the Group's total equity of approximately HK\$41,583,000 (2013: HK\$15,143,000). The Group's total cash and bank balances, excluding pledged bank deposits, as at 31 March 2014 amounted to HK\$21,727,000 compared to HK\$6,565,000 as at 31 March 2013. The cash and bank balance 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 shares of the Company were listed on GEM of the Stock Exchange on 10 April 2013 (“Listing Date”). There has been no change in the capital structure of the Group since that date. The capital of the Group comprises ordinary shares only.

## **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 2014, the Group did not have any material contingent liabilities.

## **SIGNIFICANT INVESTMENT**

During the year ended 31 March 2014, the Group did not have any significant investment.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

For the year ended 31 March 2014, there were no material acquisitions or disposals of subsidiaries made by the Group.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2014, the Group’s staff costs, including director’s remuneration, were approximately HK\$186.1 million (2013: HK\$168.5 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 2014 (2013: Nil).

## PROSPECTS

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 the PRC. The Group has commenced to establish its business base in Qian Hai, Shenzhen and Shanghai, and is currently reviewing business opportunities in the PRC. The Group has also recently joined hands with a Guangzhou strategic partner to provide staff outsourcing services to the PRC government departments and institutions. The Company will continue to look for opportunities for our existing business, particularly in diversifying and expanding within the Group's existing platform and service networking.

In addition, the Company will continue to look for potential strategic partners around Asia, in an attempt to expand its business into other Asian regions and pursue geographical expansion of its segment markets and pursue in enhancing competitiveness and strengthen its market position across Asia.

## OTHER INFORMATION

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 28 March 2013 (the "Prospectus") with actual business progress for the period ended 31 March 2014 (the "Period").

### **Business objectives up to 31 March 2014 as set out in the Prospectus**

### **Actual business progress up to 31 March 2014**

#### *Expansion of existing executive/staff search and staff outsourcing services*

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Recruit about 2 to 5 staff for providing executive/staff search services for the banking and finance, sectors and the commerce and retail sectors</li><li>• Identify appropriate office for the expansion of the Group's executive/staff search and human resources support services</li><li>• 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</li></ul> | <p>The Group has recruited 5 staff for providing executive/staff search services for the retail sector. The Group has also recruited 2 new staff for providing executive/staff search services for the medical and pharmaceutical sector.</p> <p>The Group has started to look for potential office space.</p> <p>The Group has started to explore other opportunities for staff outsourcing clients in the finance industries in Hong Kong. The Group has also contracted new businesses in the food and beverage sector in Hong Kong, and also the medical sector in Hong Kong.</p> |
|---|---|

**Business objectives up to 31 March 2014  
as set out in the Prospectus**

**Actual business progress up to  
31 March 2014**

*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  
The Group has commenced incorporation of a wholly-foreign owned enterprise in Qian Hai Special Economic Zone, Shenzhen and Shanghai.
- Explore strategic partner alliance opportunities with companies based in the PRC/Singapore  
The Group has appointed a consultant to look for strategic partners in the PRC to support business development in the PRC and 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  
The Group has cooperated with two independent third parties for the potential business development of executive/staff search services in the PRC by setting up a new operating entity.
- Identify and negotiate with potential partners in the PRC/Singapore engaging in executive/staff search services for strategic alliance  
The Group has appointed a consultant to identify potential partners in the PRC engaging in executive/staff search services for strategic alliance.

*Upgrading of the Group's eHRIS software*

- Continue the development of claim management application for the Group's eHRIS software  
The Group has completed the upgrading of the eHRIS software.
- Commence the development of roster management application for the Group's eHRIS software  
Completed the roaster management application for the 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 completed the improvement work on the eHRIS software.

**Business objectives up to 31 March 2014  
as set out in the Prospectus**

**Actual business progress up to  
31 March 2014**

*Development of other human resources  
support services*

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Set up a company secretarial team with approximate 2 to 3 staff</li><br/><li>• Continue to explore business opportunities in the Group's human resources support services</li><br/><li>• Evaluate any human resources support services that can be provided to the Group's clients</li></ul> | <p>The Group has started to communicate with relevant experts in the field of Hong Kong company law and secretarial services.</p> <p>The Group continued to explore business opportunities in human resources support services.</p> <p>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.</p> |
|--|--|

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

**CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION**

During the year ended 31 March 2014, the Group has not entered into any connected transactions that are not exempt under Rule 20.31 of the GEM Listing Rules nor any continuing connected transactions that are not exempt under Rule 20.33 of the GEM Listing Rules.

**DIRECTORS' INTERESTS 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 2014.

All the 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"), 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 16 June 2014, 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.

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

During the year ended 31 March 2014, 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.

## **COMPLIANCE ADVISER'S INTEREST IN THE COMPANY**

As at 31 March 2014, except for the compliance adviser's agreement entered into between the Company and Messis Capital Limited ("Messis Capital") on 27 March 2013, neither Messis Capital nor its directors, employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as notified by Messis Capital.

## **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 2014.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") on 19 March 2013 with written terms of reference for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures in compliance with the GEM Listing Rules. 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 to review the Group's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and cash flow forecast.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2014 and the internal control system of the Group.

During the year, the Group's unaudited quarterly and half-yearly results and audited annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee and have opined such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditor, BDO Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the code provisions set out in the Code throughout the year ended 31 March 2014 except for the deviations from code provision A.2.1 of the Code as explained as follows:

### **Code provision A.2.1**

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate.

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.

Thus, the Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the Code.

On behalf of the Board  
**Zebra Strategic Holdings Limited**  
**Chang Tin Duk, Victor**  
*Chairman and Executive Director*

Hong Kong, 16 June 2014



*As at the date of this announcement, the executive Directors are Mr. Chang Tin Duk, Victor and Mr. Kung Phong; and the independent non-executive Directors are Mr. Ng Kwan Ho, Andy, Mr. Lam, Raymond Shiu Cheung and Mr. Tam Tak Kei, Raymond.*

*This announcement will remain on GEM website on the “Latest Listed Company Information” page for at least seven days from the day of its posting and on the Company’s website at [www.zebra.com.hk](http://www.zebra.com.hk).*