雲博產業

Yunbo Digital Synergy Group Limited

雲博產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2015

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors of Yunbo Digital Synergy Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM ("**GEM Listing Rules**") of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of 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.*

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the "**Board**") of the Company hereby presents the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015** **HK$'000**	2014 HK$'000
Revenue	4	**163,853**	36,572
Cost of sales and services		**(133,423)**	(28,055)
Gross profit		**30,430**	8,517
Other income	5	**2,111**	419
Distribution costs		**(5,419)**	(720)
Administrative expenses		**(28,622)**	(18,622)
Finance costs	6	**–**	(13)
Loss before income tax	7	**(1,500)**	(10,419)
Income tax expense	8	**(686)**	(8)
Loss for the year		**(2,186)**	(10,427)
Other comprehensive income			
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**235**	336
Other comprehensive income for the year, net of tax		**235**	336
Total comprehensive expense for the year		**(1,951)**	(10,091)
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(2,819)**	(10,481)
Non-controlling interests		**633**	54
		(2,186)	(10,427)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(2,584)**	(10,145)
Non-controlling interests		**633**	54
		(1,951)	(10,091)
Loss per share attributable to the owners of the Company			
– Basic (in HK cents)	10	**(0.21)**	(0.87)
– Diluted (in HK cents)	10	**(0.21)**	(0.87)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**3,576**	1,234
Intangible assets		**1,164**	1,025
Goodwill	13	**3,552**	–
		8,292	2,259
Current assets			
Inventories		**27,823**	–
Trade and other receivables	11	**246,612**	17,134
Financial assets designated at fair value through profit or loss		**37,935**	–
Cash and cash equivalents		**133,046**	112,112
		445,416	129,246
Current liabilities			
Trade and other payables	12	**258,500**	8,870
Tax payable		**1,031**	–
		259,531	8,870
Net current assets		**185,885**	120,376
Total assets less current liabilities		**194,177**	122,635
Non-current liabilities			
Other payables	12	**53,512**	–
Net assets		**140,665**	122,635
Equity			
Equity attributable to the owners of the Company			
Share capital		**135,625**	135,625
Reserves		**(15,761)**	(13,177)
		119,864	122,448
Non-controlling interests		**20,801**	187
Total equity		**140,665**	122,635

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Attributable to the owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Warrant reserve** HK$'000	**Translation reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
As at 1 April 2013	90,625	43,685	900	34	(103,901)	31,343	133	31,476
Comprehensive (expense)/income								
(Loss)/profit for the year	–	–	–	–	(10,481)	(10,481)	54	(10,427)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	–	–	–	336	–	336	–	336
Total comprehensive income/(expense) for the year	–	–	–	336	(10,481)	(10,145)	54	(10,091)
Transaction with owners:								
Issue of shares	45,000	56,250	–	–	–	101,250	–	101,250
Total transactions with owners	45,000	56,250	–	–	–	101,250	–	101,250
As at 31 March 2014 and 1 April 2014	**135,625**	**99,935**	**900**	**370**	**(114,382)**	**122,448**	**187**	**122,635**
Comprehensive (expense)/income								
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**(2,819)**	**(2,819)**	**633**	**(2,186)**
Other comprehensive income								
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**235**	**-**	**235**	**-**	**235**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**235**	**(2,819)**	**(2,584)**	**633**	**(1,951)**
Transaction with owners:								
Acquisition of China Mobile Payment (Note 13)	**–**	**–**	**–**	**–**	**–**	**–**	**19,981**	**19,981**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**19,981**	**19,981**
As at 31 March 2015	**135,625**	**99,935**	**900**	**605**	**(117,201)**	**119,864**	**20,801**	**140,665**

NOTES

1. GENERAL INFORMATION

Yunbo Digital Synergy Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Room 1602, 16/F, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company’s shares are listed on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of system integration services and other value-added technical consultation services and hardware-related business. The Group has also expanded into the People’s Republic of China (the “**PRC**”) market in the areas of manufacturing of ancillary high-tech software and hardware products; developing and establishing integrated online platforms for distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application services, among others.

In the opinion of the directors of the Company, the parent and ultimate holding company of the Company is Happy On Holdings Limited (“**Happy On**”), which was incorporated in the British Virgin Islands.

The financial statements for the year ended 31 March 2015 were approved for issue by the board of directors on 12 June 2015.

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 predecessor Hong Kong Companies Ordinance (Cap. 32). 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 are summarised below. These policies 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 to the financial statements.

The financial statements have been prepared under the historical cost basis except for financial assets designated at fair value through profit or loss. The measurement basis is fully described in the accounting policies below.

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. ADOPTION OF NEW OR AMENDED HKFRSs

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial

The adoption of the amendments HKFRS have not material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group had not applied any new standard or interpretation that is not yet effective for current accounting period.

The following new standards, amendments and interpretations which have been issued by the HKICPA and may be relevant to the Group in future years but are not yet effective for the year ended 31 March 2015.

Effective for the annual period beginning on 1 April 2015 or after

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
HKFRS 9 (2014)	Financial Instruments[4]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]

Notes:

1. Effective for annual periods beginning on or after 1 July 2014
2. Effective for annual periods beginning on or after 1 January 2016
3. Effective for annual periods beginning on or after 1 January 2017
4. Effective for annual periods beginning on or after 1 January 2018

The above standards, amendments and interpretations, if they are relevant to the Group, will be adopted in the annual periods listed. The Group is in the process of making an assessment of the impact of the above standards, amendments and interpretations but is not yet in a position to ascertain their impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

	2015	2014
	HK$'000	HK$'000
Revenue:		
Hardware	**145,101**	28,345
Software	**1,346**	862
Services	**17,406**	7,365
	163,853	36,572

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make operating decisions. Executive directors are considered as the chief operating decision maker ("**CODM**").

4. REVENUE AND SEGMENT INFORMATION (continued)

The CODM review the Group's financial information from hardware, software and services perspectives. The reportable segments are classified in a manner consistent with the information reviewed by the CODM.

The CODM assess the performance of the operating segments based on a measure of reportable segment profit/(loss). This measurement basis excludes other income and unallocated expenses.

Segment assets mainly exclude assets that are managed on a central basis. Segment liabilities mainly exclude liabilities that are managed on a central basis.

In respect of geographical segment reporting, sales are based on the country in which the customer is located, and non-current assets are based on the country where the assets are located.

The segment results for the year ended 31 March 2015 are as follows:

	Hardware HK$'000	Software HK$'000	Services HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from external customers	**145,101**	**1,346**	**17,406**	**–**	**163,853**
Reportable segment (loss)/profit	**(7,432)**	**(61)**	**14,791**	**(10,909)***	**(3,611)**
Bank interest income					**470**
Net realised gain on financial assets at fair value through profit or loss					**502**
Other income					**1,139**
Loss before income tax					**(1,500)**
Income tax expense (Note 8)					**(686)**
Loss for the year					**(2,186)**
Loss on written off of property, plant and equipment	**–**	**–**	**–**	**34**	**34**
Depreciation of property, plant and equipment	**–**	**–**	**–**	**583**	**583**
Addition to non-current assets	**6,424**	**–**	**136**	**79**	**6,639**

* Unallocated expenses mainly include operating lease charges in respect of rented premises and headquarter expenses.

4. REVENUE AND SEGMENT INFORMATION (continued)

The segment results for the year ended 31 March 2014 are as follows:

	Hardware HK$'000	Software HK$'000	Services HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from external customers	28,345	862	7,365	–	36,572
Reportable segment (loss)/profit	(5,093)	(625)	4,193	(9,300) *	(10,825)
Other income					419
Finance costs					(13)
Loss before income tax					(10,419)
Income tax expense (Note 8)					(8)
Loss for the year					(10,427)
Depreciation of property, plant and equipment	–	–	–	348	348
Addition to non-current assets	–	–	1,025	960	1,985

* Unallocated expenses mainly include operating lease charges in respect of rented premises and headquarter expenses.

The segment assets and liabilities as at 31 March 2015 are as follows:

	Hardware HK$'000	**Software HK$'000**	**Services HK$'000**	**Total HK$'000**
Segment assets	**232,777**	**252**	**1,330**	**234,359**
Unallocated assets*				**219,349**
Total assets				**453,708**
Segment liabilities	**240,105**	**50**	**294**	**240,449**
Unallocated liabilities*				**72,594**
Total liabilities				**313,043**

4. REVENUE AND SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 31 March 2014 are as follows:

	Hardware HK$'000	Software HK$'000	Services HK$'000	Total HK$'000
Segment assets	13,537	238	1,193	14,968
Unallocated assets*				116,537
Total assets				131,505
Segment liabilities	5,208	50	378	5,636
Unallocated liabilities*				3,234
Total liabilities				8,870

* Unallocated assets mainly include, certain other receivables, financial assets designated at fair value through profit or loss, and cash and cash equivalents. Unallocated liabilities mainly include certain other payables and accruals.

The revenue from external customers of the Group by geographical segments is as follows:

	2015 HK$'000	2014 HK$'000
Revenue:		
Hong Kong	**24,963**	29,016
PRC	**138,890**	7,556
	163,853	36,572

One (2014: Three) single external customer contributes more than 10% revenue of the Group. Revenues of approximately HK$130,418,000 are derived from this customer for the year ended 31 March 2015. These revenues are attributable to hardware segments. For the year ended 31 March 2014, revenues of approximately HK$7,590,000, HK$6,350,000 and HK$5,523,000 were derived from customer A, customer B and customer C respectively. These revenues were attributable to hardware (customer A and C) and services (customer B) segments respectively.

As at 31 March, 2015, accounts receivable from this external customer accounted for 86% of the Group's total accounts receivable. As at 31 March, 2014, accounts receivable from these three external customers accounted for 90% of the Group's total accounts receivable.

4. REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the non-current assets of the Group by geographical segments is as follows:

	2015 HK$'000	2014 HK$'000
Non-current assets:		
Hong Kong	**1,122**	1,281
PRC	**7,170**	978
	8,292	2,259

5. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income on short-term bank deposits	**470**	227
Interest income from structured deposits	**522**	–
Net realised gain on financial assets at fair value through profit or loss	**502**	–
Others	**617**	192
	2,111	419

6. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings wholly repayable within one year	**–**	13

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2015 HK$'000	2014 HK$'000
Auditors' remuneration	**600**	250
Cost of inventories sold	**132,674**	25,728
Depreciation of property, plant and equipment	**583**	348
Loss on written off of property, plant and equipment	**34**	–
Employee benefit expense	**14,719**	11,364
Net foreign exchange loss	**113**	24
Operating lease charges in respect of rented premises	**3,294**	1,849
Operating lease charges in respect of rented equipment	**14**	18

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the year as the Group had incurred losses for taxation purpose (2014: Nil as the Group had incurred losses for taxation purpose). The PRC enterprise income tax has been provided at the rate of 25% (2014: 25%) on the estimated assessable profit for the year.

	2015	2014
	HK$'000	HK$'000
PRC enterprise income tax		
Current year	**686**	8
Income tax expense	**686**	8

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

	2015	2014
	HK$'000	HK$'000
Loss before income tax	**(1,500)**	(10,419)
Tax on loss before income tax, calculated at Hong Kong profits tax rate of 16.5% (2014: 16.5%)	**(247)**	(1,719)
Tax effect of non-deductible expenses	**94**	45
Tax effect of non-taxable income	**(157)**	(35)
Tax effect of unrecognised tax losses	**1,063**	1,949
Tax effect of unrecognised temporary differences	**(10)**	(147)
Utilisation of previously unrecognised tax losses	**(462)**	(88)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**405**	3
Income tax expense	**686**	8

9. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

10. LOSS PER SHARE

Basic loss per share for the year is calculated by dividing the loss attributable to owners of the Company of approximately HK$2,819,000 (2014: loss of approximately HK$10,481,000) by the weighted average number of 1,356,250,000 (2014: 1,200,907,534) ordinary shares in issue during the year.

Diluted loss per share for the years 2015 and 2014 equals to the basic loss per share as the potential ordinary shares on exercise of warrants were not included in the calculation of diluted loss per share because they are anti-dilutive.

Details of calculation of loss per share:

	2015	2014
Loss attributable to owners of the Company (HK$'000)	**(2,819)**	(10,481)
Weighted average number of ordinary shares in issue during the year (in thousands)	**1,356,250**	1,200,908
	HK cents	HK cents
Basic loss per share	**(0.21)**	(0.87)
Diluted loss per share	**(0.21)**	(0.87)

11. TRADE AND OTHER RECEIVABLES

	2015 **HK$'000**	2014 HK$'000
Bill receivables	**55,605**	–
Trade receivables	**146,215**	13,943
Total bill and trade receivables	**201,820**	13,943
Prepayments, deposits and other receivables	**44,792**	3,191
	246,612	17,134

11. TRADE AND OTHER RECEIVABLES (continued)

The credit period granted by the Group to its customers generally ranged from 0 to 90 days. At the reporting date, the ageing analysis of the Group's trade and bill receivables (net of provision for impaired receivables) based on invoice date is as follows:

	2015	2014
	HK$'000	HK$'000
0–30 days	**137,219**	847
31–60 days	**11,486**	384
61–90 days	**16,778**	135
91–180 days	**18,770**	4
181–365 days	**1,295**	12,566
Over 365 days	**16,272**	7
	201,820	13,943

The ageing analysis of the Group's trade and bill receivables based on due date is as follows:

	2015	2014
	HK$'000	HK$'000
Neither past due nor impaired	**111,269**	–
1–30 days past due	**25,950**	847
31–60 days past due	**11,486**	384
61–90 days past due	**16,778**	135
91–180 days past due	**18,770**	4
181–365 days past due	**1,295**	12,566
Over 365 days past due	**16,272**	7
	90,551	13,943
	201,820	13,943

Receivables that were neither past due nor impaired related to customers for whom there were no recent history of default. Receivables that were past due but not impaired related to customers that have a good track record of credit with the Group.

12. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Current liabilities		
Trade payables	**240,155**	4,818
Other payables and accruals	**16,714**	3,234
Sales deposits received	**1,631**	818
	258,500	8,870
Non-current liabilities		
Other payables	**53,512**	–

The long-term payables were mainly cash advances from third parties, which are unsecured, interest free and not payable within one year. Other than the long-term payables, all amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair values.

The ageing analysis of the Group's of trade payables based on invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0–30 days	**23,797**	918
31–60 days	**15,926**	3,761
61–90 days	**12,356**	30
91–180 days	**58,073**	49
181–365 days	**69,133**	–
Over 365 days	**60,870**	60
	240,155	4,818

13. ACQUISITION OF CHINA MOBILE PAYMENT TECHNOLOGY GROUP COMPANY LIMITED ("CHINA MOBILE PAYMENT") (FORMERLY KNOWN AS MAGIC HOUR HOLDINGS LTD.)

On 20 August 2014, an indirectly wholly-owned subsidiary of the Company entered into an agreement with the vendor, Mr. Chan Foo Wing who controls Happy On, to acquire 100% equity interest in China Mobile Payment and its subsidiaries for a cash consideration of HK$3,000,000. The acquisition was completed on 23 December 2014. The principal business of China Mobile Payment and its subsidiaries include research and development of computer software auxiliary equipment, broadband network equipment, communications transmission equipment, multimedia communications systems; production of computer software, system integration, sale of the self-manufactured products and provision of technical consulting services.

Acquisition-related costs amounting to HK$2.7 million have been excluded from the consideration transferred and have been recognised as administrative expenses in the consolidated statement of comprehensive income.

The receivables acquired (which principally comprised trade and other receivables) in these transactions with a fair value of HK$170.8 million had gross contractual amounts of HK$170.8 million. At acquisition date, no contractual cash flows were expected to be not collectable.

The acquisition has been accounted for using the acquisition method.

13. ACQUISITION OF CHINA MOBILE PAYMENT TECHNOLOGY GROUP COMPANY LIMITED ("CHINA MOBILE PAYMENT") (FORMERLY KNOWN AS MAGIC HOUR HOLDINGS LTD.)

(continued)

The net assets acquired and goodwill arising on the acquisition date are as follows:

	Carrying amounts and fair values
	HK$'000
Cash and cash equivalents	87,814
Trade and other receivable	170,797
Inventories	73,409
Property, plant and equipment, net	2,872
Trade and other payables	(314,954)
Tax payable	(509)
Net assets acquired	19,429
Non-controlling interests	(19,981)
Goodwill arising on acquisition	3,552
Total consideration	3,000
Total consideration satisfied by:	
Cash paid on acquisition	3,000
Net cash inflow arising on acquisition:	
Cash paid on acquisition	(3,000)
Cash and cash equivalents acquired	87,814
	84,814

Goodwill arose in the acquisition of China Mobile Payment as the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

In the event that actual profit of China Mobile Payment Group for the year ended 31 March 2015 exceeds the guaranteed profit of HK$3 million, no adjustment shall be made to the consideration. In the event that the actual profit falls short of the guaranteed profit, the vendor, shall pay the Company an amount equivalent to the difference between the guaranteed profit and the actual profit. At the acquisition date and as at 31 March 2015, the management of the Company estimates that fair value of the contingent consideration receivables was approximately Nil as China Mobile Payment Group's profit for the year ended 31 March 2015 met the guaranteed profit amount.

During the period from the acquisition date to 31 March 2015, China Mobile Payment has contributed a total revenue of HK$94.6 million and a net profit of HK$1.3 million.

If the acquisition had occurred on 1 April 2014, the consolidated revenue and net profit of the Group for the year ended 31 March 2015 would have been HK$354.1 million and HK$1.9 million respectively. The proforma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 April 2014 and could not serve as a basis for the forecast of future operation result.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The general business and operating environment during the reporting period continue to be affected by the prevailing effects of global economic conditions even for those markets which historically have recorded high growth rates such as the People's Republic of China ("**PRC**") market. Although the overall momentum in the PRC market remains positive, slower macro-economic growth is however expected. Moreover, greater and more complex competition have made the telecommunications industry in the PRC significantly more challenging.

The continued global development of internet technologies and their related applications have evolved into an effectual period of "aggregation and fission". Emerging production elements such as big data, cloud computing, unified communications, 4G mobile new media, network security software-defined networking ("**SDN**") and e-finance are quickly becoming production tools of the new economy as traditional businesses at all levels undergo different level and scale of transformations to redefine how they should manage their operations in view of the rapidly changing market conditions.

"雲", the Chinese character for cloud represents the forms of development relating to the cloud network in internet cloud computing and its various patterns or the interconnection of cyberspace and whole terminals. Forms of development include interconnected applications such as cloud space, cloud services, cloud search, cloud community, and cloud browsing, among others. Cloud services realize the interconnection between the various end devices. Operating terminals such as personal computers, mobile phones, televisions and tablets no longer require strong processing capabilities. All resources used by end users are provided for by an integrated cloud back-office infrastructure equipped with storage facilities and powerful processing capabilities.

"博", the Chinese character having the meaning of rich and extensive, represents the convergence of big data, unified communication, cloud computing, 4G based new media, network security SDN, e-finance, and other new technologies.

"雲博", or the Group, is quickly being transformed from a traditional company engaged in the provision of system integration services, other value-added technical consultation services and hardware-related business into a company which trades ancillary high-tech software and hardware products, develops and establishes integrated online platforms for distribution of mobile products and provision of value-added services, and sets up joint ventures with multinational companies to introduce and procure mobile application services, to a business with a core focus in the areas of big data, unified communications, cloud computing, network security SDN, 4G new media, e-finance, software and hardware maintenance and operation for back end network support systems, as well as the design, development, production and manufacture of network front end products and operations of online and offline payment systems.

The Group, in 2012, had established two wholly foreign owned enterprises in the PRC, namely, 廣州韻博信息科技有限公司 (Guangzhou YBDS IT Co., Ltd.*) ("**Guangzhou YBDS**") and 北京韻博港信息科技有限公司 (Beijing YBDS IT Co., Ltd.*) ("**Beijing YBDS**"), to facilitate the Group's proposed business endeavors and potential joint co-operations in the PRC.

Guangzhou YBDS

Guangzhou YBDS was approved for establishment on 13 August 2012 with the entire equity interest of Guangzhou YBDS being held by Pacific Honour Development Limited, an indirect wholly-owned subsidiary of the Company. Guangzhou YBDS presently has a total investment of RMB80 million and a fully paid-up registered capital of RMB40 million.

Guangzhou YBDS's business scope includes computer software or hardware system integration, external equipment, financial and electronic equipment, automated control systems and related equipment, new models of electronic devices, smart modems, research and development of educational software and hardware, sale of computer software, hardware and ancillary equipment, electronic products, general machinery equipment, specialized equipment, and provision of technical services and support.

Beijing YBDS

Beijing YBDS a company having a business scope that includes technology development and system integration of computer hardware and software, communication system, network system and automatic control system, educational software development, sale of proprietary products, technical services and technical consultancy. It was approved for establishment on 21 November 2012 with the entire equity interest of Beijing YBDS being held by Able Bloom Technology Limited ("**Able Bloom**"), an indirect wholly-owned subsidiary of the Company. Beijing YBDS presently has a total investment of RMB40 million and a registered capital of RMB20 million, respectively. As at the date of this announcement, only 20% of the registered capital or RMB4 million has been paid up.

The Company had, in August 2013, raised net proceeds of approximately HK$100,000,000 by way of allotment and issuance of 450,000,000 new shares of the Company with a par value of HK$0.10 each in the capital of the Company at a subscription price of HK$0.225 each to Happy On Holdings Limited ("**Happy On**"), a controlling shareholder of the Company. Immediately after the completion of the subscription (the "**Subscription**"), Happy On held 987,888,771 shares of the Company, representing approximately 72.83% of the total issued share capital of the Company. One of the main reasons for the fundraising exercise was to enable the Company to fulfill its obligations to pay up the proposed registered capital of Beijing YBDS.

At the time of the Subscription, the Company had intended to apply to the Bureau of Foreign Trade and Economic Cooperation of Beijing Municipality (北京市對外貿易經濟合作局) to increase Beijing YBDS' registered capital from RMB20,000,000 to RMB40,000,000 and total investment from RMB40,000,000 to RMB80,000,000, respectively. The initiative was intended to enable the Group's subsidiaries to meet the minimum capital threshold requirement when submitting bids for proposed projects offered by the relevant telecommunications service providers in the PRC.

Given the Company has acquired China Mobile Payment Technology Group Company Limited (中國支付科技集團有限公司) ("**China Mobile Payment**") (formerly known as Magic Hour Holdings Ltd. (麥基浩爾控股有限公司)) during the reporting period, a holding company that owns a subsidiary with the aforesaid threshold requirement for bid submissions, this corporate action is no longer deemed to be necessary. Hence, the Company has commenced the process of deregistrating Beijing YBDS and expects the process to be completed sometime in the third quarter of 2015.

In spite of the ever challenging operating environment in the PRC, the Group has made great strides over the past three years in its business development. In the area of software deployment, the Company had teamed up with ChinaSoft International Limited (中軟國際有限公司) (Stock Code: 354) ("**ChinaSoft**"). In our first venture together, the two parties entered into a non-legally binding letter of intent on 2 August 2012 whereby both parties agreed to collaborate with each other to submit a tender bid for specific parts of a wireless infrastructure project in the PRC. Wireless City (無線城市) ("**Wireless City**") is a project sponsored and undertaken by China Mobile Group Guangdong Company Limited ("**Guangdong Mobile**"), a subsidiary of China Mobile Limited (Stock Code: 941) ("**China Mobile**"). Guangdong Mobile had embarked on the Wireless City project in 2012 as it aspires to develop and construct a wireless infrastructure network for PRC cities such that everyone in these cities will be able to have free Wi-Fi access.

Subsequently on 7 May 2013, MMIM Info. Technology Co., Ltd.* (北京掌中無限信息技術有限公司) ("**MMIM**"), a wholly-owned subsidiary of ChinaSoft, submitted open tender documents for specific parts of the Wireless City project to Guangdong Mobile. Excellent Master Investments Limited, a wholly-owned subsidiary of the Company, ChinaSoft International (Hong Kong) Limited, a wholly-owned subsidiary of ChinaSoft, the Company and ChinaSoft concurrently entered into a project implementation agreement to implement the specific parts of the Wireless City project in the event that the bid is successful (in which case, MMIM and Guangdong Mobile will enter into a formal project agreement). Under the formal agreement dated 7 April 2014, ChinaSoft had agreed to pay, and the Company has received, a sum totaling RMB15 million (equivalent to about HK$18.75 million) in three instalments.

The close relationship between the Company and ChinaSoft had strengthened with further collaborations in 2014 as the two parties worked together hand in hand to bid for other projects sponsored by the PRC's leading telecommunications operators.

In March 2014, the Company and ChinaSoft entered into a non-legally binding letter of intent and submitted a tender for the construction of phase I of the unified payment system (統一支付系統一期工程), a project to be implemented by China Mobile for the establishment of a national unified payment platform in the PRC. The Company and ChinaSoft have also worked together to submit a bid for contracted work relating to the repair and maintenance and operations of China Mobile's Fetion (飛信) ("**Fetion**") platform and its related social products and services offering.

Based on the principles of "centralization, standardization, unification", China Mobile is cooperating with commercial banks in the PRC to establish a national unified payment system platform, offering unified access and uniformed rules and regulations to all payment services at a flat rate. Phase I of the national unified payment system will connect China Mobile with electronic payment channels at all levels onto a platform that offers payment services and bill settlement functions. All mobile phone users will concurrently be able to store monetary value onto their mobile phone accounts for the purchase of goods and services. The national unified payment system platform will be one of China Mobile's strategic projects to transform itself from a mobile phone services operator into an internet based services enterprise.

Fetion currently estimated to have over 320 million registered users, and is a critical part of China Mobile's mobile internet business strategy. It is already a major mobile internet platform connecting a large number of users between personal computers ("**PCs**") and mobile phones in the PRC.

When collaborating with ChinaSoft, typically if our tender is successful, ChinaSoft would first enter into a formal project agreement with the relevant company of telecommunications operator, and the Company (or its nominee) will then enter into a project agreement with ChinaSoft to determine the implementation costs as well as setting out the detailed terms of each party's participation in the relevant project. In general, ChinaSoft shall, at its own costs (but in any event such costs shall not exceed the amount to be stipulated under the project agreement), be responsible for all the technical and construction works of the relevant project (including but not limited to the development, manufacture, testing, construction of the hardware, middleware and software systems necessary for completion, technical services and support etc.); whereas the Company shall, at its own costs, provide business analysis and integrated works in connection with the relevant project.

In the area of trading ancillary high-tech software and hardware equipment, the Company had commenced the trading of Gigabit-Passive Optical Network ("**G-PON**") equipment in the fourth quarter of 2012. Additionally, Guangzhou YBDS is an appointed sale and marketing agent for points of sale ("**POS**") terminals manufactured by Fujian Newland Computer Co., Ltd. (福建新大陸電腦股份有限公司). The POS terminal is the modern replacement of the cash register that, when connected to a POS system, can record and track customer orders, process credit and debit cards, connect to other systems in a network, and manage inventory. In short, it is a computer which is supported by application-specific programs and I/O devices for the particular environment in which it serves.

During the reporting period, the Group had supplied 天翼電子商務有限公司 (China Telecom Bestpay E-commerce Ltd.*) ("**CT E-commerce**") with an additional 2,707 sets of POS terminals for a total contract sum of RMB2,630,000 (equivalent to approximately HK$3,312,000). The Group's system integration services and other value-added technical consultation services and hardware-related business in Hong Kong continue to be principally facilitated by Norray Professional Computer Limited, a subsidiary of the Company.

On 23 December 2014, the Company through Able Bloom completed the acquisition of the entire equity interest of China Mobile Payment held by Mr. Chan Foo Wing ("**Mr. Chan**"), the controlling shareholder of the Company, at a consideration of HK$3 million.

The consideration has been settled by way of cash funded by internal resources. China Mobile Payment and its major operating subsidiaries are principally engaged in the trading of residential gateway products, namely, routers, G-PON equipment and Ethernet-Passive Optical Network ("**E-PON**") equipment, as well as providing IT network consultation service. Their major customer is China Telecom Corporation Limited (中國電信股份有限公司) ("**China Telecom**").

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

To ensure that the Company is financially stable with sufficient financial resources to continue the development of its proposed projects, the Company had on 5 August 2013, raised net proceeds of approximately HK$100 million through the Subscription. Immediately after the completion of the Subscription, Happy On holds 987,888,771 shares of the Company, representing approximately 72.83% of the total issued share capital of the Company.

As stipulated in the circular of the Company dated 11 July 2013, such proceeds were to be applied in the following manner:

(i) approximately HK$30,000,000 will be used to pay up the remaining registered capital of Guangzhou YBDS and Beijing YBDS;

(ii) approximately HK$50,000,000 will be used as further investment for contribution towards the total investment amounts of Guangzhou YBDS and Beijing YBDS; and

(iii) the remaining balance as general working capital of the Company.

The Company had previously applied approximately HK$9,400,000 (or about RMB7,350,000) and approximately HK$5,500,000 (or approximately RMB4,330,000) of the proceeds to pay up the remaining initial registered capital of RMB20,000,000 and increased registered capital of RMB20,000,000 of Guangzhou YBDS, respectively. During the reporting period, the Company had applied approximately HK$19,785,000 (or approximately RMB15,670,000) of the proceeds to pay up the outstanding remaining increased registered capital of Guangzhou YBDS.

At the time of the Subscription, only 20% of the registered capital or RMB4 million of Beijing YBDS has been paid up with the remaining 80% or RMB16 million due to be paid on or before 18 December 2014. The Company had intended to apply to the Bureau of Foreign Trade and Economic Cooperation of Beijing Municipality (北京市對外貿易經濟合作局) to increase the registered capital of Beijing YBDS from RMB20 million to RMB40 million and its total investment from RMB40 million to RMB80 million. A sum of approximately HK$45.5 million from the proceeds of the Subscription was earmarked for paying up the initial registered capital and increased registered capital of Beijing YBDS (the "**Capital Increase**"). The intent of the Capital Increase was to enable the Group's subsidiaries to meet the minimum capital threshold requirement when submitting bids for proposed projects offered by the relevant telecommunications service providers in the PRC.

Given the Company has acquired China Mobile Payment during the reporting period, a holding company that owns a subsidiary with the aforesaid threshold requirement for bids submission, this corporate action is no longer deemed to be necessary. The Company has already commenced the process of deregistration of Beijing YBDS.

Moreover, the Company intends to apply the aforesaid earmarked proceeds of approximately HK$45.5 million for new potential projects and for general working capital purposes. As at the date of this announcement, the Company has not identified any potential projects.

FINANCIAL REVIEW

For the year ended 31 March 2015, the Group recorded revenue of approximately HK$163,853,000, representing an increase of approximately 348% when compared with the last corresponding year. The significant increase in revenue was principally due to having consolidated the operating performance of China Mobile Payment from 23 December 2014 (the acquisition date) to 31 March 2015 and a significant increase in business volume in the trading of G-PON equipment and E-PON equipment in which the Group having generated revenue of approximately HK$131,218,000 during the year. Loss attributable to owners of the Company for the year ended 31 March 2015 was approximately HK$2,819,000 as compared to a loss of approximately HK$10,481,000 for the year ended 31 March 2014.

SEGMENTAL INFORMATION

Business segments

During the year under review, revenue generated from hardware sales increase by approximately 412%, revenue from maintenance services increased by approximately 386% while revenue from consultancy services increase by approximately 96%. Additionally, revenue from software sales increased by approximately 56%.

Geographical segments

The provision of system integration services and other value-added technical consultation services and hardware-related business mainly caters for the PRC market. Revenue from the Hong Kong segment represented approximately 15% of the total revenue (2014: 79%).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2015, the shareholders' funds of the Group amounted to approximately HK$140,665,000. Current assets were approximately HK$445,416,000, mainly comprising cash and cash equivalents of approximately HK$133,046,000 and trade and other receivables of approximately HK$246,612,000. Current liabilities mainly comprised trade and other payables of approximately HK$258,500,000 and zero bank borrowings. The net asset value per share was approximately HK$0.104. The Group's gearing ratio, expressed as a percentage of bank borrowings and long-term debts over total equity, was nil. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 1.72:1 (as at 31 March 2014: 14.57:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For the year ended 31 March 2015, the Group was only exposed to limited currency exchange rate fluctuation risks as virtually all of the Group's monetary assets and liabilities were denominated in Hong Kong dollars as it conducts its business transactions principally in this currency. The currency exchange rate risk of the Group is therefore considered to be immaterial, and the Group did not engage in any hedging activity.

COMMITMENTS

As at 31 March 2015, the Group had operating lease commitments in respect of rented premises and equipment of approximately HK$6,485,000 (2014: HK$39,716,000). As at 31 March 2015 and 2014, the Group had no significant capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2015 and 2014, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2015 and 2014, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had 116 employees (including 10 Directors) (2014: 44 employees (including 7 Directors)). The total remuneration paid to employees, including Directors, for the year ended 31 March 2015 was approximately HK$14,719,000 (2014: HK$11,364,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of each individual employee. Annual year-end double pay is paid based on each individual employee's performance as recognition of and reward for their contributions. Other benefits accruing to the employees include contributions made to statutory mandatory provident fund scheme and a group medical scheme.

SIGNIFICANT INVESTMENTS

For the year ended 31 March 2015, the Group had no significant investment.

FUTURE PROSPECTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Guangzhou YBDS entered into an agency framework agreement (the "**Agreement**") with Aspire Information Technologies (Beijing) Co., Ltd. (卓望信息技術（北京）有限公司) ("**Aspire**") on 21 March 2014, pursuant to which Aspire has agreed to appoint Guangzhou YBDS as its non-exclusive agent to promote and distribute their unified communications business, irrespective of whether such businesses are operated by Aspire or not, and provide relevant customer service and support thereunder in each province of the PRC. The Agreement has automatically been renewed for a term of one year.

Aspire, an indirect wholly-owned subsidiary of Aspire Holdings Limited ("**Aspire Holdings**"), was established in 2004 to provide operation and support services for the value added data businesses of China Mobile and is responsible for the operation and support of the central portal of Monternet (移動夢網).

Aspire Holdings, a direct non wholly-owned subsidiary of China Mobile, is the pioneer developer of data products and services for China Mobile. Aspire Holdings actively assists China Mobile in exploring, expanding, and facilitating businesses in areas such as information and communication technology and the internet. It has developed various super-large business platforms such as Mobile Information Service Centre and Service Information Management System providing services nationwide. Aspire also assists China Mobile in the operation and support of mobile data businesses such as mobile newspaper and mobile reading. Through Personal Information Management, Aspire facilitates the development of China Mobile's Internet businesses such as 139 community, mobile micro-blog, and i-Contact under which its social network brand Fetion has a subscriber base of over 320 million users. In addition, it helped China Mobile to establish the first mobile market (運營商移動應用商場) for carriers and the Center of Mobile Certificate Authority in the PRC.

The link-up with Aspire marks a milestone in the Company's history. Cooperation with large-scale state-owned telecommunications operators and upstream/downstream partners in the industry enables the Company to develop and provide new products and services, re-define and enhance our business model.

The premise of our cooperation with Aspire together with Fetion's estimated over 320 million registered users creates a solid foundation for the Company and Aspire to jointly develop front end module businesses.

On 31 March 2014, Guangzhou YBDS entered into a strategic cooperation agreement with BesTV New Media Co., Ltd. ("**BesTV**") to collaborate on exploring and developing new media technology and contents on internet protocol television ("**IPTV**"), mobile television, internet television, mobile internet, multimedia stage design and production, and digital media platform research and development, offering such products and services through smart phone, PCs, television and tablets (collectively, the ("**4 Screens**").)

BesTV is a new media corporation controlled by Radio and Television Shanghai and Shanghai Media Group, and its shares are listed on The Shanghai Stock Exchange (stock code: 600637). Its business scope includes research, exploration, design, construction, management, maintaining entire network systems, interactive media application platform, and provision of network-related software and hardware in the field of technology development, technical consulting, technology transfer, technical services, network video production and operations, messaging, network equipment design, leasing, and sales and service. As at 31 December 2014, BesTV had over 20 million IPTV subscribers.

On 13 May 2014, Guangzhou YBDS entered into a letter of intent with 中國石油天然氣股份有限公司銷售分公司 (PetroChina Trading Company Limited*)("**PetroChina Trading**") and CT E-commerce, pursuant to which, the parties agreed to fully cooperate with each other to jointly market the business of payment clearance and recharge of prepaid petrol cards, and promote its development to enhance products competitiveness and enrich their services to customers. CT E-commerce, through their Bestpay (翼支付) platform ("**Bestpay**"), will provide clearance services for non-cash payments enabling customers of 中國石油天然氣股份有限公司 (PetroChina Company Limited*) ("**PetroChina**") to pay for the purchase of petroleum through prepaid cards at the PetroChina's sales network.

Additionally, CT E-commerce will install compatible POS terminals at PetroChina's sales network to allow Bestpay users to settle payment through their mobile phones. Guangzhou YBDS will be responsible for the provision of POS terminals and relevant support services. As for the recharging of prepaid petrol card business, the parties will work together to establish online, offline and vocal channels to accept recharging requests from customers and provide the relevant support services. The parties will also cooperate together to unravel the market's potential to expand its customer base by launching multimedia marketing campaigns and publicity events.

On 26 August 2014, the Company, the China National Travel Service (HK) Group Corporation (中國港中旅集團公司) (the "**HKCTS Group**") and China Telecommunications Corporation (中國電信集團公司) ("**China Telecommunications**") entered into a strategic cooperation agreement, pursuant to which, the parties agreed to cooperate in tourism, hotels, ticketing, mobile payment and other areas within the business scope of the HKCTS Group. China Telecommunications will, through its status as one of the leading mobile communications operators in the PRC, its tremendous users base and CT E-commerce, which has obtained the licence for payment businesses issued by the People's Bank of China, provide online and offline payment and acceptance. The Company will make use of its capability in software development to build a payment platform, providing the HKCTS Group with an overall online and offline solution. The Company will at the same time collaborate with China Telecommunications to, among others, broaden payment channels for tourism, hotels, ticketing and other areas within the business scope of the HKCTS Group, install POS terminals, develop mobile software, and mobile two-dimensional code ticket certification. The parties will, in respect of the sales business within the business scope of the HKCTS Group, jointly establish acceptance channels and customer services channels for, among others, online, offline and vocal business, and provide support and services for the related marketing operation. The parties will also hold joint marketing and promotional activities to explore the potential of their common customers, activate dormant users and expand common user groups.

The HKCTS Group is a key large-scale state-owned enterprise ("**SOE**") directly managed by the Central People's Government of the PRC and regulated by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is also the largest SOE in the tourism industry and one of the four largest Chinese-funded enterprises in Hong Kong. It is now a diversified enterprise with core businesses in tourism and supporting businesses in industrial and commercial investments (iron and steel), real estate, logistics and trading. The HKCTS Group is the only large-scale tourism enterprise in the PRC providing the most comprehensive services throughout the whole value chain in the tourism industry. Moreover, it is the only organisation commissioned by the Ministry of Public Security of the PRC to administer the "Mainland Travel Permit for Hong Kong and Macao Residents" (港澳居民來往內地通行證) and "Mainland Travel Permit for Taiwan Residents" (台灣居民來往大陸通行證). China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company controlled by the HKCTS Group, is listed on the Stock Exchange (stock code: 308).

China Telecommunications is one of the three largest and leading telecommunications operators in the PRC. China Telecommunications provides its customers with integrated information solutions including products such as mobile communications, broadband Internet access, information technology applications and fixed line phones. China Telecommunications has branch companies in 31 provinces (including autonomous regions and municipalities) of the PRC and major countries in Europe, America, Asia Pacific and other regions. China Telecommunications has the world's largest broadband network and technologically leading mobile communications network, making it capable of providing its customers with cross-border and comprehensive integrated information services and client service channels globally. China Telecom is a subsidiary of China Telecommunications, with its H shares listed on the Stock Exchange (stock code: 728). CT E-commerce, as an indirect subsidiary of China Telecommunications, has various channels for payment services such as mobile phones, fixed line telephones and POS terminals to provide safe and convenient financial information services such as "communication plus payment" (通信+支付), "payment plus financial management" (支付+理財) for individual and corporate users.

On 31 August 2014, the Company, through Guangzhou YBDS, and China Vanguard Group Limited (眾彩科技股份有限公司) ("**CVG**"), a company incorporated in the Cayman Islands, the shares of which are listed on GEM of the Stock Exchange (stock code: 8156), through China Vanguard Corporate Management Limited (眾彩企業管理有限公司) ("**CVCM**"), a company incorporated in the Hong Kong Special Administrative Region of the PRC and a direct wholly-owned subsidiary of CVG, have entered into a strategic cooperative agreement, pursuant to which, subject to CVG having obtained the required approvals from the relevant authorities, Guangzhou YBDS and CVCM will make use of their capability in software and hardware development to connect and integrate POS terminals so that all CVG's lottery distribution points will be equipped with the Group' non-cash online and offline payment system, including those on CT E-commerce's Bestpay platform and other non-cash payment methods, such as mobile payment, contactless payment, the debit cards issued by China UnionPay (中國銀聯) and other financial institutions.

The Group and CVG will utilize their respective advantages in each of their specialized areas to enhance the competitiveness of their businesses. The general public will therefore be able to benefit from the easiness and consumer friendliness of non-cash payment clearance for lottery purchases and for full coverage of online and offline applications in the consumer sectors including those through CVG's lottery distribution points.

CVG is a comprehensive solutions and related consolidated services provider for both welfare and sports lottery in the PRC. Its core business consists of development of lottery related hardware and software, provision of self-service lottery solutions and launching self-operated and franchise stores. The lottery business currently covers 18 provinces and regions. CVG is a member of the World Lottery Association.

The Directors believe that with the dawning of 4G networks, a new economy driven by new visual media is about to commence. The onset of unified communications will alter how traditional Internet OTT businesses operate. Moreover, mobile users will be able to access more convenient and colorful content benefited from the high bandwidth and low latency characteristics of 4G networks. The cooperation with BesTV to develop and operate 4G new media businesses enables the Company to preempt the mainstream of 4G new media businesses onto the 4 Screens' users.

The Directors also believe that the exponential growth in mobile Internet has brought forward intense competition across all market segments of the telecommunications industry into an era driven largely by the volume of data throughput. In hindsight, the Group re-defined its core business. Key businesses of the Group have been expanded to include big data, unified communications, cloud computing, network security, SDN, 4G new media, top-level network designs for e-finance platforms, the software and hardware maintenance and operation in respect of the back end network support systems, design, development, production and manufacturing of the network front end products as well as the business operation of the online and offline payment. In hindsight, the Group is therefore accelerating its efforts in strategic transformation and capacity enhancement to maintain and create its competitive advantages.

Given our ambitions in the telecommunications industry in the PRC, Mr. Ni Guang Nan, the former chief science and technology officer of the Lenovo Group, was appointed as the chief science and technology advisor of the Company on 7 April 2014. He advises the Company on its business activities in information and telecommunications technology.

Hence, the entering into of the agency framework agreement with Aspire and strategic cooperation agreement with BesTV are in line with the Group's strategy enabling it to expand its existing services and revenue base and enhance its growth potential. Accordingly, the Directors consider that the entering into of the agency framework agreement and strategic cooperation agreement are in the interest of the Company and its shareholders as a whole.

Moreover, the Directors believe that the mobile phone has become the ultimate terminal for consumer mobile applications globally. The entering into of (i) the letter of intent among the Group, PetroChina Trading and CT E-commerce, (ii) strategic cooperation agreement among the Group, the HKCTS Group and China Telecommunications, and (iii) strategic cooperative agreement between the Group and CVCM will create synergy and enhance cooperation amongst the parties concerned to provide consumer-friendly payment services using the mobile phone as a terminal for mobile applications in business, entertainment, work and in daily life. Irrespective of the transaction amounts involved, the cooperation serves as a stepping stone to expand our coverage for online and offline payment services, which is in line with the Group's strategy of designing, developing, manufacturing and operating leading products for mobile networks as well as online and offline payment services, and is expected to generate further revenue for the Group.

On 23 December 2014, the Company through Able Bloom, its indirectly wholly-owned subsidiary, completed the acquisition of the entire equity interest of China Mobile Payment held by Mr. Chan, the controlling shareholder of the Company, at a consideration of HK$3 million.

The consideration has been settled by way of cash funded by internal resources. China Mobile Payment and its major operating subsidiaries are principally engaged in the trading of residential gateway products, namely, routers, G-PON equipment and E-PON equipment, as well as providing IT network consultation service. Their major customer is China Telecom.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions ("**Code Provision(s)**") set out in the Corporate Governance Code (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 2015 except for the deviations from Code Provisions A.1.8 and A.2.1 of the Code as explained as follows:

Code Provision A.1.8

Code Provision A.1.8 stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its directors.

During the reporting period, the Board considered that under the current close management situation of the Group and business scale, the possibility of actual litigation against the Directors is very low. The Company will consider reviewing various insurance cover proposals and will make such an arrangement as appropriate.

Code Provision A.2.1

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

The executive Directors, namely, Mr. Wang Chaoyong, Mr. Wang Xiaoqi, Mr. Yau Hoi Kin, Mr. Kwong Wai Ho, Richard and Dr. Huang Youmin, are focused on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. Hence, a new chairman and chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

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

The Board conducted reviews of the system of internal controls of the Group to ensure an effective and adequate internal controls system is in place. The Board also convened meetings to discuss financial, operational and risk management controls.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2015.

AUDIT COMMITTEE

The Audit Committee was established in May 2000, and the Company had adopted a revised specific terms of reference as of 2 December 2013 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules.

During the year, the Audit Committee comprised Mr. Ngan Yu Loong, Dr. Chow Ka Ming, Jimmy and Dr. Wong Wing Lit, and Mr. Tse Yee Hin, Tony all of whom are independent non-executive Directors. Mr. Ngan Yu Loong is the current chairman of the Audit Committee. He was appointed as a member of the Audit Committee with effect from 2 December 2013.

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 2015 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 2015 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 GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect was limited and did not constitute an audit, review or other 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 Grant Thornton Hong Kong Limited on this preliminary announcement.

By Order of the Board
Yunbo Digital Synergy Group Limited
Yau Hoi Kin
Director

Hong Kong, 12 June 2015

As at the date of this announcement, the executive Directors are Mr. Wang Chaoyong, Mr. Yau Hoi Kin, Mr. Kwong Wai Ho Richard, Dr. Huang Youmin and Mr. Wang Xiaoqi; the non-executive Director is Mr. Hsu Chia-Chun; and the independent non-executive Directors are Dr. Chow Ka Ming, Jimmy, Dr. Wong Wing Lit, Mr. Ngan Yu Loong and Mr. Tse Yee Hin, Tony.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at http://www.ybds.com.hk.

* *For identification purposes only*