



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 2012

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This announcement, for which the directors (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 of the Stock Exchange for the purpose 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.

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

The board of Directors (the “Board”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2012, together with the comparative figures for the year ended 31 March 2011 and selected explanatory information, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	<i>Note</i>	2012 HK\$'000	2011 <i>HK\$'000</i>
Revenue	3	15,727	102,033
Cost of sales		<u>(10,129)</u>	<u>(34,755)</u>
Gross profit		5,598	67,278
Other income and net gains	4	84	2,031
Gain on disposal of subsidiaries	12	10,822	–
Share of profit of an associate		–	35
Distribution costs		(623)	(29,761)
Administrative expenses		(9,427)	(45,614)
Other operating expenses		<u>(75)</u>	<u>(731)</u>
Profit/(Loss) before income tax		6,379	(6,762)
Income tax expense	6	<u>–</u>	<u>(1)</u>
Profit/(Loss) for the year		<u>6,379</u>	<u>(6,763)</u>

	<i>Note</i>	2012 HK\$'000	2011 HK\$'000
Other comprehensive (expense)/income			
Available-for-sale financial assets:			
Change in fair value		–	342
Reclassification adjustments for losses included in the consolidated statement of comprehensive income			
– Loss on disposal		–	119
Reclassification adjustments for translation reserve released upon disposal of subsidiaries		(1,495)	–
Currency translation differences		–	716
		<hr/>	<hr/>
Other comprehensive (expense)/income for the year, net of tax		(1,495)	1,177
		<hr/>	<hr/>
Total comprehensive income/(expense) for the year		4,884	(5,586)
		<hr/>	<hr/>
Profit/(Loss) for the year attributable to:			
– Owners of the Company		6,233	(6,814)
– Non-controlling interests		146	51
		<hr/>	<hr/>
		6,379	(6,763)
		<hr/>	<hr/>
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		4,738	(5,637)
– Non-controlling interests		146	51
		<hr/>	<hr/>
		4,884	(5,586)
		<hr/>	<hr/>
Earnings/(Loss) per share attributable to owners of the Company (expressed in HK cents)			
– Basic and diluted	7	1.04	(1.14)
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	<i>Note</i>	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Property, plant and equipment		26	20,181
Investments in associates		–	989
Interest in a jointly-controlled entity		–	–
Available-for-sale financial assets		–	15
Amounts due from investee companies		–	–
		26	21,185
Current assets			
Inventories		–	525
Trade and other receivables	9	2,546	21,440
Current income tax assets		–	899
Cash and cash equivalents		65,795	26,574
		68,341	49,438
Total assets		68,367	70,623
Current liabilities			
Trade and other payables	10	3,864	28,552
Bank borrowings	11	60,000	–
		63,864	28,552
Net current assets		4,477	20,886
Total assets less current liabilities		4,503	42,071
Net assets		4,503	42,071
Equity			
Equity attributable to owners of the Company			
Share capital		60,000	60,000
Reserves		(55,666)	(18,824)
		4,334	41,176
Non-controlling interests		169	895
Total equity		4,503	42,071

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	Attributable to the owners of the Company						Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Available- for-sale investments reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	
Balance at 1 April 2010	60,000	77,955	(47,430)	779	(461)	(44,030)	46,813	47,657
Comprehensive expense								
Loss for the year	-	-	-	-	-	(6,814)	(6,814)	(6,763)
Other comprehensive income								
Available-for-sale financial assets								
- Change in fair value	-	-	-	-	342	-	342	342
- Reclassification adjustments for losses included in the consolidated statement of comprehensive income	-	-	-	-	119	-	119	119
- loss on disposal	-	-	-	716	-	-	716	716
Currency translation differences	-	-	-	716	-	-	716	716
Total comprehensive expense	-	-	-	716	461	(6,814)	(5,637)	(5,586)
Balance at 31 March 2011 and 1 April 2011	60,000	77,955	(47,430)	1,495	-	(50,844)	41,176	42,071
Comprehensive income								
Profit for the year	-	-	-	-	-	6,233	6,233	6,379
Other comprehensive expense								
Reclassification adjustments for translation reserve released upon disposal of subsidiaries	-	-	-	(1,495)	-	-	(1,495)	(1,495)
Total comprehensive income	-	-	-	(1,495)	-	6,233	4,738	4,884
Special distribution	-	(41,580)	-	-	-	-	(41,580)	(41,580)
Disposal of subsidiaries	-	-	47,430	-	-	(47,430)	-	(872)
Balance at 31 March 2012	60,000	36,375	-	-	-	(92,041)	4,334	4,503

NOTES

1. GENERAL INFORMATION

Yunbo Digital Synergy Group Limited (formerly known as FlexSystem Holdings 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 2, 27/F., Golden Centre, 188 Des Voeux Road Central, Central, 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.

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

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated.

2. BASIS OF PREPARATION

This announcement does not comprise the consolidated financial statements for the year ended 31 March 2012 but the information herein has been extracted from the draft consolidated financial statements of the Group for the year ended 31 March 2012.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Changes in accounting policy and disclosures

(a) *New and amended standards and interpretations adopted by the Group*

- (i) The following amendments to standards are mandatory for accounting periods beginning on 1 April 2011. The adoption of these amendments to standards does not have any significant impact on the results and financial position of the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 January 2011
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HKAS 27 (Amendment)	Consolidated and separate financial statements	1 July 2010
HKAS 34 (Amendment)	Interim financial reporting	1 January 2011
HKFRS 3 (Amendment)	Business combinations	1 July 2010
HKFRS 7 (Amendment)	Financial instruments: Disclosures	1 January 2011
Annual Improvements Project	Third annual improvements projects (2010) published in May 2010	1 January 2011

- (ii) The following amendments to standards and interpretations are mandatory for accounting periods beginning on 1 April 2011 but are not relevant to the Group's operations:

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	First time adoption of Hong Kong Financial Reporting Standards	1 January 2011
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters	1 July 2010
HK(IFRIC) – Int 13 (Amendment)	Customer loyalty programmes	1 January 2011
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement	1 January 2011
HK(IFRIC) – Int 19 (Amendment)	Extinguishing financial liabilities with equity instruments	1 July 2010

- (b) *New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 April 2011 and have not been early adopted:*

		Effective for accounting periods beginning on or after
HKAS 1 (Revised) (Amendment)	Presentation of items of other comprehensive income	1 July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation- Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 1 (Amendment)	First-time adoption – Government loans	1 January 2013
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 7 (Amendment)	Financial instruments: Disclosure-Transfers of financial assets	1 July 2011
HKFRS 7 (Amendment)	Financial instruments: Disclosure-Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HK(IFRIC)-Int 20	Stripping costs in production phase of a surface mine	1 January 2013

Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

	2012 HK\$'000	2011 HK\$'000
Revenue		
Hardware	11,341	12,807
Software	2,045	51,846
Services	2,341	37,380
	<u>15,727</u>	<u>102,033</u>

Management has determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions. Executive Directors are considered as the Chief Operating Decision Maker ("CODM").

The CODM reviews the Group's financial information mainly from hardware, software and services perspective. The CODM further assesses the performance of operations on a geographical basis (Hong Kong, PRC and other countries). The reportable segments are classified in a manner consistent with the information reviewed by the CODM.

The CODM assesses the performance of the operating segments based on a measure of reportable segment profit/(loss). This measurement basis excludes other income and net gains, gain on disposal of subsidiaries, share of profit of an associate and unallocated expenses.

Segment assets mainly exclude investments in associates, interest in a jointly-controlled entity, available-for-sale financial assets, current income tax assets and other assets that are managed on a central basis. Segment liabilities mainly exclude other 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 information for the year ended 31 March 2012 is as follows:

	Hardware HK\$'000	Software HK\$'000	Services HK\$'000	Unallocated HK\$'000	Group HK\$'000
Revenue from external customers	11,341	2,045	2,341	–	15,727
Reportable segment (loss)/profit	(1,432)	220	1,660	(4,975)	(4,527)
Other income and net gains					84
Gain on disposal of subsidiaries					10,822
Profit before income tax					6,379
Income tax expense (<i>Note 6</i>)					–
Profit for the year					6,379
Depreciation of property, plant and equipment	–	–	–	21	21
Addition to non-current assets	–	–	–	24	24

The segment information for the year ended 31 March 2011 is as follows:

	Hardware HK\$'000	Software HK\$'000	Services HK\$'000	Unallocated HK\$'000	Group HK\$'000
Revenue from external customers	12,807	51,846	37,380	–	102,033
Reportable segment (loss)/profit	(3,322)	(13,968)	12,020	(3,558)	(8,828)
Other income and net gains					2,031
Share of profit of an associate					35
Loss before income tax					(6,762)
Income tax expense (<i>Note 6</i>)					(1)
Loss for the year					(6,763)
Depreciation of property, plant and equipment	–	–	–	2,117	2,117
Addition to non-current assets	–	–	–	538	538

An analysis of the Group's assets as at 31 March 2012 by reportable segment is set out below:

	Hardware HK\$'000	Software HK\$'000	Services HK\$'000	Total HK\$'000
Segment assets	<u>1,256</u>	<u>744</u>	<u>182</u>	2,182
Unallocated assets				<u>66,185</u>
Total assets per consolidated statement of financial position				<u>68,367</u>

An analysis of the Group's liabilities as at 31 March 2012 by reportable segment is set out below:

	Hardware HK\$'000	Software HK\$'000	Services HK\$'000	Total HK\$'000
Segment liabilities	<u>945</u>	<u>33</u>	<u>–</u>	978
Unallocated liabilities				<u>62,886</u>
Total liabilities per consolidated statement of financial position				<u>63,864</u>

An analysis of the Group's assets as at 31 March 2011 by reportable segment is set out below:

	Hardware HK\$'000	Software HK\$'000	Services HK\$'000	Total HK\$'000
Segment assets	<u>525</u>	<u>–</u>	<u>–</u>	525
Investments in associates				989
Available-for-sale financial assets				15
Current income tax assets				899
Unallocated assets				<u>68,195</u>
Total assets per consolidated statement of financial position				<u>70,623</u>

An analysis of the Group's liabilities as at 31 March 2011 by reportable segment is set out below:

	Hardware HK\$'000	Software HK\$'000	Services HK\$'000	Total HK\$'000
Segment liabilities	<u>–</u>	<u>9,965</u>	<u>9,112</u>	19,077
Unallocated liabilities				<u>9,475</u>
Total liabilities per consolidated statement of financial position				<u>28,552</u>

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

	2012 HK\$'000	2011 <i>HK\$'000</i>
Revenue		
Hong Kong	15,042	80,586
PRC	414	11,227
Other countries	271	10,220
	15,727	102,033

Two (2011: Nil) single external customers contribute more than 10% revenue of the Group. Revenues of approximately HK\$2,544,000 (2011: HK\$974,000) and HK\$2,447,000 (2011: HK\$3,924,000) are derived from customer A and customer B, respectively. These revenues are attributable to hardware and services segments.

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

	2012 HK\$'000	2011 <i>HK\$'000</i>
Non-current assets		
Hong Kong	26	20,212
PRC	–	718
Other countries	–	240
	26	21,170

4. OTHER INCOME AND NET GAINS

	2012 HK\$'000	2011 <i>HK\$'000</i>
Dividend income on available-for-sale financial assets	–	16
Interest income on short-term bank deposits	1	4
Reversal of provision for impairment of amount due from an associate	–	1,953
Others	83	58
	84	2,031

5. EXPENSES BY NATURE

	2012 HK\$'000	2011 HK\$'000
Depreciation of property, plant and equipment	21	2,117
Employee benefit expense	3,116	71,576
Loss on disposal of property, plant and equipment	–	26
Fair value loss on available-for-sale financial assets (transfer from equity on disposal)	–	119
Cost of inventories	9,509	10,594
Inventories written off	–	190
Operating lease payments in respect of rented premises	397	1,691
Auditors' remuneration	400	450
Bad debts written off	75	105
Provision for impairment of trade receivables	–	96
Provision for impairment of amounts due from associates	–	319

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. No tax is payable on the profit for the year ended 31 March 2012 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. No provision for Hong Kong profits tax was made for the year ended 31 March 2011 as the Group had no assessable profit arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012 HK\$'000	2011 HK\$'000
Current income tax		
– Overseas taxation	–	1
Income tax expense	–	1

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2012 HK\$'000	2011 HK\$'000
Profit/(Loss) before income tax	6,379	(6,762)
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	1,052	(1,115)
Income not subject to tax	(1,880)	(1,208)
Expenses not deductible for tax purpose	3	478
Tax losses for which no deferred income tax asset was recognised	1,151	1,850
Utilisation of previously unrecognised tax losses	(326)	(5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	1
Income tax expense	–	1

7. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit attributable to owners of the Company for the year of approximately HK\$6,233,000 (2011: loss of approximately HK\$6,814,000) by the weighted average number of 600,000,000 (2011: 600,000,000) ordinary shares in issue during the year.

There is no diluted earnings/(loss) per share since the Company has no dilutive potential ordinary shares in existence for the years ended 31 March 2012 and 2011.

8. DIVIDENDS AND DISTRIBUTIONS

The special distribution of HK\$0.0693 per share, totalling HK\$41,580,000, was paid on 18 April 2011. No final dividend was proposed for the year ended 31 March 2012.

9. TRADE AND OTHER RECEIVABLES

	Group	
	2012	2011
	HK\$'000	HK\$'000
Trade receivables (<i>Note</i>)	2,182	17,453
Prepayments, deposits and other receivables	364	3,125
Advances to staff	–	862
	2,546	21,440

Note:

The credit period granted by the Group to its customers generally ranged from 30 to 90 days. As at 31 March 2012 and 2011, the ageing analysis of the Group's trade receivables (net of provision for impaired receivables) based on invoice date was as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
0–30 days	1,564	6,837
31–60 days	43	2,332
61–90 days	–	788
91–180 days	1	2,755
181–365 days	116	1,627
Over 365 days	458	3,114
	2,182	17,453

10. TRADE AND OTHER PAYABLES

	Group	
	2012	2011
	HK\$'000	HK\$'000
Trade payables (<i>Note</i>)	945	2,157
Other payables and accruals	2,886	7,317
Amounts due to investee companies	–	1
Deferred income	–	9,112
Sales deposits received	33	9,965
	3,864	28,552

Note:

The ageing analysis of trade payables based on invoice date was as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
0–30 days	413	784
31–60 days	459	509
61–90 days	5	193
91–180 days	8	151
181–365 days	60	45
Over 365 days	–	475
	945	2,157

11. BANK BORROWINGS

	Group	
	2012	2011
	HK\$'000	HK\$'000
Bank loans-secured	60,000	–
Carrying amount repayable:		
Amounts due on demand or within one year shown under current liabilities	60,000	–

As at 31 March 2012, the Group's bank loans were secured by ultimate holding company's bank deposits and bear interest at 2% per annum over HIBOR.

All bank loans were denominated in Hong Kong dollars and the effective interest rate at the end of reporting period was 2.15% per annum (2011: Nil).

The carrying amounts of bank loans approximate their fair value, as the impact of discounting is not significant due to their short-term maturity.

12. GAIN ON DISPOSAL OF SUBSIDIARIES

On 13 April 2011, the Group disposed of its entire equity interest in SomaFlex International Inc., together with its subsidiaries and associated companies (save and except Norray Professional Computer Limited) to SomaFlex Holdings Inc., the former ultimate holding company of the Company, for a cash consideration of HK\$40,000,000 and realised a gain on disposal of approximately HK\$10,822,000. The transaction constituted a related party transaction and also a very substantial disposal and connected transaction on the part of the Company under the GEM Listing Rules.

Aggregate net assets disposed on date of disposal:

	<i>HK\$'000</i>
Property, plant and equipment	20,158
Investments in associates	966
Available-for-sale financial assets	15
Inventories	525
Trade and other receivables	18,696
Income tax assets	899
Bank balances and cash	13,954
Trade and other payables	(23,668)
	<hr/>
	31,545
Translation reserve released	(1,495)
Gain on disposal of subsidiaries	10,822
Non-controlling interests	(872)
	<hr/>
Consideration received	40,000
	<hr/>
Satisfied by:	
Cash and cash equivalents received as consideration	40,000
Cash and cash equivalents disposed	(13,954)
	<hr/>
Net cash inflow on disposal	26,046
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13. EVENTS AFTER THE REPORTING PERIOD

On 4 June 2012, the Company announced that it had completed, through the placing agent, the placing of an aggregate of 15,000,000 new shares of HK\$0.1 each in the capital of the Company at a share placing price of HK\$0.185 each to independent third parties, and 30,000,000 warrants at a warrant issue price of HK\$0.01 each to independent third parties. The Company raised net proceeds for the share placing and the warrant placing of approximately HK\$2,706,000 and HK\$293,000 respectively. The majority part of the net proceeds from the share placing and the warrant placing would be applied towards the establishment of two wholly foreign owned enterprises in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Due to the macro economic conditions, the challenging business environment in Hong Kong prevailed throughout the year under review. The overall environment has moderately improved as business activities gradually pick up. The proposed larger-scale IT projects had increased the number of business opportunities in the market. To capitalise on these opportunities, the Group reinforced its sales efforts and deployed additional resources to enhance our product offerings. However, the intense competition and inflationary pressure constituted unforeseen difficulties which inhibited the Group's ability to continue to grow and improve profits. In retrospect, the Group disposed of the business of development and sale of enterprise software and provision of maintenance services and directed its resources towards the business of provision of system integration services and other value-added technical consultation services and hardware-related business. Please refer to section headed "Significant Investments and Acquisitions and Disposal" below for details.

Financial Review

During the year ended 31 March 2012, the Group recorded revenue of approximately HK\$15,727,000, representing a decrease of approximately 85% when compared with the last corresponding year. The significant drop in revenue was principally due to the Group having disposed of its subsidiaries and associated companies (save and except Norray Professional Computer Limited) to SomaFlex Holdings Inc., the former ultimate holding company of the Company. The transaction was completed on 13 April 2011. Profits attributable to owners for the year were approximately HK\$6,233,000 as compared to a loss of HK\$6,814,000 for the year ended 31 March 2011.

Financial Resources and Liquidity

As at 31 March 2012, the shareholders' funds of the Group amounted to approximately HK\$4,503,000. Current assets were approximately HK\$68,341,000, mainly comprising cash and cash equivalents of approximately HK\$65,795,000 and trade and other receivables of approximately HK\$2,546,000. Current liabilities mainly comprised trade and other payables of approximately HK\$3,864,000 and bank borrowings of HK\$60,000,000. The net asset value per share was approximately HK\$0.008. The Group's gearing ratio, expressed as a percentage of bank borrowings and long-term debts over total equity, was 13.32 times. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 1.07:1 (as at 31 March 2011: 1.7:1).

Exposure to Exchange Rate Fluctuation

During the year ended 31 March 2012, 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.

Significant Investments and Acquisitions and Disposal

The Share Agreement

Pursuant to the sale and purchase agreement dated 5 January 2011 (the “Share Agreement”) entered into among Excel Score Limited (the “Offeror”), Mr. Lok Wai Man (“Mr. Lok”), a former executive director of the Company and Mr. Pong Wai San, Wilson (“Mr. Pong”), the guarantor of the Offeror under the Share Agreement, Mr. Lok had conditionally agreed to sell and procure the sale of, and the Offeror had conditionally agreed to acquire, an aggregate of 479,298,000 shares of the Company (the “Sale Shares I”) at a total consideration of HK\$126,400,000.

The Disposal Agreement

On 5 January 2011, the Company entered into the disposal agreement (the “Disposal Agreement”) with SomaFlex Holdings Inc. (“SomaFlex Holdings”) pursuant to which SomaFlex Holdings had conditionally agreed to purchase and the Company had conditionally agreed to sell the entire issued share capital of SomaFlex International Inc. at a consideration of HK\$40 million (the “Disposal”).

As the applicable percentage ratios in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to the GEM Listing Rules. SomaFlex Holdings is approximately 98.27% beneficially owned by Mr. Lok and thus the Disposal also constitutes a connected transaction for the Company pursuant to the GEM Listing Rules and is subject to the approval of the independent shareholders of the Company.

Completion of the Share Agreement and Disposal Agreement

Completion of both the sale and purchase of Sale Shares I and the Disposal took place on 13 April 2011. The Offeror, Mr. Pong and parties acting in concert with any of them acquired 479,298,000 shares of the Company, representing approximately 79.88% of the issued share capital of the Company.

Details of the transactions have been published in the Company’s announcements dated 18 February, 11 March, 15 March, 13 April, 15 April and 6 May 2011 and the Company’s circular dated 16 March and 15 April 2011.

The Sale and Purchase Agreement

On 29 December 2011, Happy On Holdings Limited (“Happy On Holdings”), and Mr. Pong and Excel Score Limited (“Excel Score”) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) pursuant to which Happy On Holdings agreed to acquire and Mr. Pong and Excel Score agreed to sell an aggregate of 420,000,000 shares of the Company (which are beneficially owned by Mr. Pong as to 114,000,000 shares and Excel Score as to 306,000,000 shares), representing in aggregate 70.00% of the entire issued share capital of the Company (the “Sale Shares II”) for a total consideration of HK\$133,000,000.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”), Happy On Holdings was required to make an unconditional mandatory general offer in cash (the “Offer”) for all the issued shares of the Company other than those already owned or agreed to be acquired by Happy On Holdings and parties acting in concert with it (the “Offer Shares”). Quam Securities Company Limited had made the Offer on behalf of Happy On Holdings in compliance with the Takeovers Code at the Offer price of HK\$0.3167 per Offer Share, which is the same as the price per Sale Share II paid by Happy On Holdings under the Sale and Purchase Agreement.

Completion of the Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement took place immediately after the entering into of the Sale and Purchase Agreement on 29 December 2011 with Happy On Holdings having paid the full consideration to Mr. Pong and Excel Score in cash; while the Offer closed on 17 February 2012. Immediately following completion of the Offer, Happy On Holdings and parties acting in concert with it are interested in 420,002,000 shares of the Company, representing approximately 70.00% of the entire issued share capital of the Company.

Details of the transaction have been published in the Company’s announcements dated 6 January, 27 January and 17 February 2012; and the composite document dated 27 January 2012.

Save as disclosed herein, during the year ended 31 March 2012, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies or material investment.

Commitments

As at 31 March 2012, the Group had operating lease commitments in respect of rented office premises of approximately HK\$162,000 (2011: HK\$4,023,000). As at 31 March 2012 and 2011, the Group had no significant capital commitment and has no immediate plans for material investment.

Contingent Liabilities

As at 31 March 2012 and 2011, the Group had no material contingent liabilities.

Charges on the Group’s Assets

As at 31 March 2012, the Group had no charges on the Group’s assets.

Employees and Remuneration Policies

As at 31 March 2012, the Group had 14 employees (2011: 332 employees). The total remuneration paid to employees, including directors, for the year ended 31 March 2012 was approximately HK\$3,116,000 (2011: HK\$71,576,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of each individual employee. Annual year-end double paid 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.

Segmental Information

Business segments

During the year under review, the revenue of maintenance services has decreased by approximately 94% as disposal of subsidiaries took place on 13 April 2011. Moreover, the revenue of software sales has also decreased by approximately 96% due to disposal of subsidiaries on 13 April 2011.

Geographical segments

The provision of system integration services and other value-added technical consultation services and hardware-related business mainly caters to the local market. As such, virtually all revenue is derived from Hong Kong (2011: 79%).

Future plans for material investments or capital assets

The senior management of the Company had conducted a detailed review of the operations of the Group with a view to develop a corporate strategy that would broaden our income base and enhance the growth potential of the Group. To achieve this target, it is believed that the Company should consider expanding into the China market in the areas of manufacturing of ancillary high-tech software products specifically designed for smart phones; developing and establishing an integrated platform 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 this connection, the Company is in the process of applying with the relevant PRC government authority for the relevant licenses to operate the two wholly foreign owned enterprises (“WFOEs”). The business scope of these two WFOEs would include computer software or hardware system integration, external equipment, financial and electronic equipment, automated control systems and related equipment, smart modems, research and development of educational software and hardware; sale of computer software, hardware and ancillary equipment, electronic products, general machinery, specialised equipment, and procurement of technical services and support.

After the 2012 reporting period, on 4 June 2012, the Company completed a placing for an aggregate of 15,000,000 new shares of HK\$0.1 each in the capital of the Company at a share placing price of HK\$0.185 each to independent third parties, and 30,000,000 warrants at a warrant issue price of HK\$0.01 each and subscription price of HK\$0.185 per new ordinary share to independent third parties. The net proceeds raised from the share placement and warrant placement was approximately HK\$2,706,000 and HK\$293,000 respectively. The majority part of the net proceeds from the share and warrant placements would be applied towards the Company’s initial paid-in capital requirements in respect of the two aforementioned WFOEs.

Change of name

To better reflect the Company’s potential future business activities, effective from 13 April 2012, the name of the Company has been changed from “FlexSystem Holdings Limited” to “**Yunbo Digital Synergy Group Limited**” and “**雲博產業集團有限公司**” was adopted as its dual foreign name.

Directors

The directors of the Company during the year were:

Executive Directors:

Mr. Yau Hoi Kin	<i>(appointed on 30 January 2012)</i>
Mr. Kwong Wai Ho Richard	<i>(appointed on 30 January 2012)</i>
Dr. Huang Youmin	<i>(appointed on 30 January 2012)</i>
Mr. Lau Wai Shu	<i>(appointed on 7 May 2011 and resigned on 17 February 2012)</i>
Mr. Sit Hon Cheong	<i>(appointed on 7 May 2011 and resigned on 17 February 2012)</i>
Mr. Lok Wai Man	<i>(resigned on 7 May 2011)</i>
Mr. So Yiu King	<i>(resigned on 7 May 2011)</i>
Mr. Chow Chi Ming, Daniel	<i>(resigned on 7 May 2011)</i>

Independent Non-executive Directors:

Dr. Chow Ka Ming, Jimmy	<i>(appointed on 30 January 2012)</i>
Mr. Liu Zhiquan	<i>(appointed on 17 February 2012)</i>
Dr. Wong Wing Lit	<i>(appointed on 17 February 2012)</i>
Mr. Lung Hung Cheuk	<i>(appointed on 7 May 2011 and resigned on 17 February 2012)</i>
Ms. Yeung Wing Yan, Wendy	<i>(appointed on 7 May 2011 and resigned on 17 February 2012)</i>
Mr. Yip Tai Him	<i>(appointed on 7 May 2011 and resigned on 17 February 2012)</i>
Mr. Tse Lin Chung	<i>(resigned on 7 May 2011)</i>
Mr. Lee Kar Wai	<i>(resigned on 7 May 2011)</i>
Mr. Mak Wing Kwong, David	<i>(resigned on 7 May 2011)</i>

CORPORATE GOVERNANCE

The Company has applied the corporate governance principles (the “Principles”) as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules and has complied with the code provisions (the “Code Provisions”) of the CG Code during the year ended 31 March 2012 except for the deviations from the Code Provision A.2.1 of the CG Code as disclosed hereinbelow. Throughout the year, the Company continued to strive for improvement on its corporate governance.

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

During the year under review, Mr. Lok Wai Man has served the dual role of chairman and chief executive officer. Mr. Lok Wai Man was previously responsible for leading the Company and the Board, setting strategic direction, ensuring the effectiveness of management in execution of the strategy approved by the Board; while the execution responsibilities lie with other executive directors and senior management of each business unit. Following the

resignation of Mr. Lok Wai Man on 7 May 2011, Mr. Lau Wai Shu was appointed as the chairman and Mr. Sit Hon Cheong was appointed as the chief executive officer until their resignations on 17 February 2012.

Since their respective appointments on 30 January 2012, the executive Directors, namely, 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 a new business strategy 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Share Placement

On 17 May 2012, the Company and KGI Asia Limited entered into a share placing agreement in respect of the placement of 15,000,000 ordinary shares of the Company to independent investors at a price of HK\$0.185 per ordinary share.

The share placement was completed on 4 June 2012.

Details of the transaction have been published in the Company's announcements dated 17 May and 4 June 2012.

Warrant Placement

On 17 May 2012, the Company and KGI Asia Limited entered into a warrant placing agreement in respect of the placement of 30,000,000 warrants of the Company to independent investors at a price of HK\$0.01 per warrant. Each warrant confers the right to subscribe for one ordinary share of the Company at a subscription price of HK\$0.185.

The placement was completed on 4 June 2012 with the warrants expiring on 4 June 2017.

Details of the transaction have been published in the Company's announcements dated 17 May and 4 June 2012.

As at the date of this announcement, so far as the Directors are aware of and having made due enquires, no warrants have been exercised. The Company had 30,000,000 outstanding warrants; the exercise in full of these warrants would result in further issuance of 30,000,000 ordinary shares.

Save as disclosed herein, 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 2012.

AUDIT COMMITTEE

The Company has established an audit committee in May 2000, and had adopted a revised specific terms of reference as of 21 March 2012 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules.

During the year, the audit committee comprised Mr. Tse Lin Chung, Mr. Lee Kar Wai and Mr. Mak Wing Kwong, David. As at 7 May 2011, it comprised Mr. Yip Tai Him, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk. As of 17 February 2012, the audit committee comprised Mr. Liu Zhiquan, Dr. Chow Ka Ming, Jimmy and Dr. Wong Wing Lit, all of whom are independent non-executive directors. Mr. Liu Zhiquan is the current 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.

During the year, the Group's unaudited quarterly and half-yearly results and annual audited results during the year ended 31 March 2012 have been reviewed by the audit committee, which was of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 13 above.

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

28 June 2012, Hong Kong

As at the date of this announcement, the executive Directors are Mr. Yau Hoi Kin, Mr. Kwong Wai Ho Richard and Dr. Huang Youmin and the independent non-executive Directors are Dr. Chow Ka Ming, Jimmy, Mr. Liu Zhiquan and Dr. Wong Wing Lit.

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>.