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 2013

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 2013

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 2013, together with the comparative figures for the year ended 31 March 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*4*	**53,729**	15,727
Cost of sales		**(50,300)**	(10,129)
Gross profit		**3,429**	5,598
Other income	*5*	**568**	84
Gain on disposal of subsidiaries		**–**	10,822
Distribution costs		**(791)**	(623)
Administrative expenses		**(14,738)**	(9,427)
Other operating expenses		**(238)**	(75)
Finance costs	*6*	**(95)**	–
(Loss)/Profit before income tax	*7*	**(11,865)**	6,379
Income tax expense	*8*	**(31)**	–
(Loss)/Profit for the year		**(11,896)**	6,379
Other comprehensive income/(expense)			
Exchange differences arising on translation of foreign operations		**34**	–
Reclassification adjustments for translation reserve released upon disposal of subsidiaries		**–**	(1,495)
Other comprehensive income/(expense) for the year, net of tax		**34**	(1,495)
Total comprehensive (expense)/income for the year		**(11,862)**	4,884

	Note	**2013**	2012
		HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(11,860)**	6,233
Non-controlling interests		**(36)**	146
		(11,896)	6,379
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(11,826)**	4,738
Non-controlling interests		**(36)**	146
		(11,862)	4,884
(Loss)/Earnings per share attributable to owners of the Company			
– Basic (in HK cents)	*10*	**(1.78)**	1.04
– Diluted (in HK cents)	*10*	**(1.78)**	1.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**613**	26
Current assets			
Trade and other receivables	*11*	**32,435**	2,546
Cash and cash equivalents		**28,158**	65,795
		60,593	68,341
Current liabilities			
Trade and other payables	*12*	**19,699**	3,864
Bank borrowings	*13*	**10,000**	60,000
Taxation payable		**31**	–
		29,730	63,864
Net current assets		**30,863**	4,477
Total assets less current liabilities		**31,476**	4,503
Net assets		**31,476**	4,503
Equity			
Equity attributable to the owners of the Company			
Share capital		**90,625**	60,000
Reserves		**(59,282)**	(55,666)
		31,343	4,334
Non-controlling interests		**133**	169
Total equity		**31,476**	4,503

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to the owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Warrant reserve *HK$'000*	Merger reserve *HK$'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 2011	60,000	77,955	–	(47,430)	1,495	(50,844)	41,176	895	42,071
Comprehensive income									
Profit for the year	–	–	–	–	–	6,233	6,233	146	6,379
Other comprehensive expenses									
Reclassification adjustments for translation reserve released upon disposal of subsidiaries	–	–	–	–	(1,495)	–	(1,495)	–	(1,495)
Total comprehensive income/ (expense) for the year	–	–	–	–	(1,495)	6,233	4,738	146	4,884
Special distribution	–	(41,580)	–	–	–	–	(41,580)	–	(41,580)
Disposal of subsidiaries	–	–	–	47,430	–	(47,430)	–	(872)	(872)
As at 31 March 2012 and 1 April 2012	**60,000**	**36,375**	**–**	**–**	**–**	**(92,041)**	**4,334**	**169**	**4,503**
Comprehensive expense									
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(11,860)**	**(11,860)**	**(36)**	**(11,896)**
Other comprehensive income									
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**34**	**–**	**34**	**–**	**34**
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**–**	**34**	**(11,860)**	**(11,826)**	**(36)**	**(11,862)**
Issue of shares	**30,625**	**7,310**	**–**	**–**	**–**	**–**	**37,935**	**–**	**37,935**
Issue of warrants	**–**	**–**	**900**	**–**	**–**	**–**	**900**	**–**	**900**
As at 31 March 2013	**90,625**	**43,685**	**900**	**–**	**34**	**(103,901)**	**31,343**	**133**	**31,476**

NOTES

1. GENERAL INFORMATION

Yunbo Digital Synergy Group Limited (the "Company") (formerly known as FlexSystem Holdings Limited) 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 name was changed with effect from 13 April 2012. 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 the opinion of the directors of the Company ("Directors"), the parent and ultimate holding company of the Company is Happy On Holdings Limited ("Happy On"), which is incorporated in the British Virgin Islands.

The financial statements for the year ended 31 March 2013 were approved for issue by the board of directors on 27 May 2013.

2. BASIS OF PREPARATION

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

The significant accounting policies that have been used in preparation of the financial statements 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. The measurement bases are 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the new "HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2012:

Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets

The adoption of the new HKFRSs had no impact on how the results and financial position for the current and prior periods have been prepared and presented.

The following new standards, amendments and interpretations which have been issued by the HKICPA as of 31 March 2013 may be relevant to the Group in future years but are not yet effective for the year ended 31 March 2013:

Effective for the annual period beginning on 1 April 2013

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement

Effective for the annual period beginning on 1 April 2014 or after

Amendments to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
HKFRS 9	Financial instruments

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 the position to ascertain their impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

	2013	2012
	HK$'000	*HK$'000*
Revenue:		
Hardware	**51,928**	11,341
Software	**909**	2,045
Services	**892**	2,341
	53,729	15,727

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").

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 (loss)/profit. This measurement basis excludes other income, gain on disposal of subsidiaries 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 2013 are as follows:

	Hardware	**Software**	**Services**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**51,928**	**909**	**892**	**–**	**53,729**
Reportable segment (loss)/profit	**(358)**	**150**	**(123)**	**(12,007)**	**(12,338)**
Other income					**568**
Finance costs					**(95)**
Loss before income tax					**(11,865)**
Income tax expense *(Note 8)*					**(31)**
Loss for the year					**(11,896)**
Depreciation of property, plant and equipment	**–**	**–**	**–**	**62**	**62**
Addition to non-current assets	**–**	**–**	**–**	**649**	**649**

The segment results for the year ended 31 March 2012 are as follows:

	Hardware	Software	Services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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					84
Gain on disposal of subsidiaries					10,822
Profit before income tax					6,379
Income tax expense					–
Profit for the year					6,379
Depreciation of property, plant and equipment	–	–	–	21	21
Addition to non-current assets	–	–	–	24	24

The segment assets and liabilities as at 31 March 2013 are as follows:

	Hardware *HK$'000*	**Software** *HK$'000*	**Services** *HK$'000*	**Total** *HK$'000*
Segment assets	**31,652**	**181**	**150**	**31,983**
Unallocated assets				**29,223**
Total assets				**61,206**
Segment liabilities	**17,852**	**88**	**213**	**18,153**
Unallocated liabilities				**11,577**
Total liabilities				**29,730**

The segment assets and liabilities as at 31 March 2012 are as follows:

	Hardware *HK$'000*	Software *HK$'000*	Services *HK$'000*	Total *HK$'000*
Segment assets	1,256	744	182	2,182
Unallocated assets				66,185
Total assets				68,367
Segment liabilities	945	33	–	978
Unallocated liabilities				62,886
Total liabilities				63,864

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

	2013 *HK$'000*	2012 *HK$'000*
Revenue:		
Hong Kong	**18,684**	15,042
PRC	**35,045**	414
Other countries	**–**	271
	53,729	15,727

One (2012: Two) single external customer contributes more than 10% revenue of the Group. Revenues of approximately HK$35,045,000 are derived from this customer for the year ended 31 March 2013 which are attributable to hardware segment. For the year ended 31 March 2012, revenues of approximately HK$2,544,000 and HK$2,447,000 were derived from customer A and customer B, respectively. These revenues were attributable to hardware segment.

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

	2013	2012
	HK$'000	*HK$'000*
Non-current assets:		
Hong Kong	**101**	26
PRC	**512**	–
	613	26

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest income on short-term bank deposits	**–**	1
Others	**568**	83
	568	84

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within one year	**95**	–

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2013	2012
	HK$'000	*HK$'000*
Auditors' remuneration	**250**	400
Bad debts written off	**238**	75
Cost of inventories sold	**49,354**	9,509
Depreciation of property, plant and equipment	**62**	21
Employee benefit expense	**9,036**	3,116
Net foreign exchange loss	**191**	–
Operating lease charges in respect of rented premises	**432**	397

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax or overseas income tax has been made for the year as the Group had incurred losses for taxation purpose (2012: Nil as the Group had no assessable profit arising in or derived from Hong Kong or overseas). The PRC enterprise income tax has been provided at the rate of 25% (2012: Nil) on the estimated assessable profit for the year.

	2013	2012
	HK$'000	*HK$'000*
PRC enterprise income tax		
Current year	**31**	–
Income tax expense	**31**	–

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(11,865)**	6,379
Tax on (loss)/profit before income tax, calculated at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**(1,957)**	1,052
Tax effect of non-deductible expenses	**142**	3
Tax effect of non-taxable income	**–**	(1,880)
Tax effect of unrecognised tax losses	**1,856**	1,151
Tax effect of unrecognised temporary differences	**(20)**	–
Utilisation of previously unrecognised tax losses	**–**	(326)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**10**	–
Income tax expense	**31**	–

9. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

On 13 April 2011, the board of directors resolved that a special dividend of HK$0.0693 per share, amounting to HK$41,580,000, to be paid to the shareholders of the Company. The special dividend was paid on 13 April 2011.

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share for the year is calculated by dividing the loss attributable to owners of the Company of approximately HK$11,860,000 (2012: profit of approximately HK$6,233,000) by the weighted average number of 667,565,068 (2012: 600,000,000) ordinary shares in issue during the year.

Diluted (loss)/earnings per share for the year equals to the basic (loss)/earnings per share as the potential ordinary shares on exercise of warrants were not included in the calculation of diluted (loss)/earnings per share because they are anti-dilutive (2012: no dilutive potential ordinary shares in existence for the year).

Details of calculation of (loss)/earnings per share:

	2013	2012
(Loss)/Profit attributable to owners of the Company (HK$'000)	**(11,860)**	6,233
Weighted average number of ordinary shares in issue during the year (in thousands)	**667,565**	600,000
	HK cents	*HK cents*
Basic (loss)/earnings per share	**(1.78)**	1.04
Diluted (loss)/earnings per share	**(1.78)**	1.04

11. TRADE AND OTHER RECEIVABLES

	2013 *HK$'000*	2012 *HK$'000*
Trade receivables	**31,983**	2,182
Prepayments, deposits and other receivables	**452**	364
	32,435	2,546

The credit period granted by the Group to its customers generally ranged from 30 to 90 days. At the reporting date, the ageing analysis of the Group's trade receivables (net of provision for impaired receivables) based on invoice date is as follows:

	2013 *HK$'000*	2012 *HK$'000*
0–30 days	**7,959**	1,564
31–60 days	**6,582**	43
61–90 days	**16,111**	–
91–180 days	**1,264**	1
181–365 days	**55**	116
Over 365 days	**12**	458
	31,983	2,182

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

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**12,838**	1,564
1–30 days past due	**4,365**	43
31–60 days past due	**14,262**	–
61–90 days past due	**298**	1
91–180 days past due	**153**	–
181–365 days past due	**55**	116
Over 365 days past due	**12**	458
	19,145	618
	31,983	2,182

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

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**17,852**	945
Other payables and accruals	**1,546**	2,886
Sales deposits received	**301**	33
	19,699	3,864

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

	2013	2012
	HK$'000	*HK$'000*
0–30 days	**7,496**	413
31–60 days	**384**	459
61–90 days	**9,826**	5
91–180 days	**77**	8
181–365 days	**9**	60
Over 365 days	**60**	–
	17,852	945

13. BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank loans-secured	**10,000**	60,000
Carrying amount repayable:		
Amounts due on demand or within one year shown under current liabilities	**10,000**	60,000

As at 31 March 2013, the Group had banking facilities amounting to HK$100,000,000 (2012: HK$100,000,000) secured by the ultimate holding company's bank deposits and carried interest at 1.3% (2012: 2%) per annum over HIBOR. As at 31 March 2013, the unutilised banking facilities amounted to HK$90,000,000 (2012: HK$40,000,000).

All bank loans were denominated in Hong Kong dollars and the effective interest rate at the reporting date was 1.5% (2012: 2.15%) per annum.

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

14. EVENTS AFTER THE REPORTING DATE

On 12 April 2013, the Company announced that YBDS Multimedia Company Limited, a direct wholly-owned subsidiary of the Company had entered into a non-legally binding memorandum of understanding with New5TV (Cayman) CO., LTD. for service in related to establish, develop, and create a variety of online platforms for television channel.

On 18 April 2013, the Company announced that Guangzhou YBDS IT Co., Ltd. ("Guangzhou YBDS"), an indirect wholly owned subsidiary of the Company had entered into a cooperation agreement with South China Normal University in respect to research, develop, design and produce micro lectures in physics for schools in PRC. According to the agreement, Guangzhou YBDS will invest RMB605,000 (equivalent to HK$705,200) in the project.

On 22 April 2013, the Company announced that Guangzhou YBDS had entered into a collaboration agreement with Guangdong branch of China Telecom Corporation Limited ("China Telecom Guangdong") in respect to develop, establish and operate an online education platform. According to the agreement, Guangzhou YBDS agrees to pay to China Telecom Guangdong for using and accessing its network and platform. Guangzhou YBDS will invest a total of RMB700,000,000 (equivalent to HK$875,000,000) for construction of the online education platform.

On 7 May 2013, the Company announced that Excellent Master Investments Limited, a direct wholly-owned subsidiary of the Company, had entered into a project implementation agreement with, inter alia, Chinasoft International (Hong Kong) Limited in respect to the wireless city project.

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 Company experienced a change in senior management in the first quarter of 2012. The new senior management of the Company, after having conducted a detailed review of the operations of the Group, adopted a new corporate strategy to broaden its income base and enhance the growth potential of the Group. As such, the Company expanded into the market in the People's Republic of China ("PRC") 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.

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 Yunbo"), both of which are wholly foreign owned enterprises ("WFOEs") in the PRC, were established to facilitate the Group business endeavors in the PRC.

Guangzhou YBDS

Guangzhou YBDS was approved for establishment on 13 August 2012. The entire equity interests of Guangzhou YBDS are held by Pacific Honour Development Limited, a wholly-owned subsidiary of the Company. The business licence of Guangzhou YBDS was issued on 18 September 2012. The total investment and registered capital of Guangzhou YBDS are RMB40 million and RMB20 million, respectively. More than 63.25% of the registered capital (or equivalent to approximately RMB12.65 million) of Guangzhou YBDS has been paid up with the remaining 36.75% (or equivalent to approximately RMB7.35 million) due to be paid on or before 18 September 2013. The scope of business of Guangzhou Yunbo 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, specialized equipment, and provision of technical services and support.

Beijing Yunbo

Beijing Yunbo was approved for establishment on 21 November 2012. The entire equity interests of Beijing Yunbo are held by Able Bloom Technology Limited, a wholly-owned subsidiary of the Company. The business licence of Beijing Yunbo was issued on 19 December 2012. The total investment and registered capital of Beijing Yunbo are RMB40 million and RMB20 million, respectively. According to the business licence of Beijing Yunbo, approximately 20% of the registered capital (or equivalent to approximately RMB4 million) of Beijing Yunbo has been paid up with the remaining approximately 80% (or equivalent to approximately RMB16 million) due to be paid on or before 18 December 2014. The scope of business of Beijing Yunbo includes technology development and system integration of computer hardware and software, communication system, network system and automatic control system, educational software development, sale of self-developed products, technical services and technical consultancy.

On 4 June 2012, the Company completed a placing for an aggregate of 15,000,000 new shares of HK$0.10 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 warrant share to independent third parties ("May 2012 Placing").

On 26 July 2012, the Company completed a placing for an aggregate of 10,000,000 new shares of HK$0.10 each in the capital of the Company at a share placing price of HK$0.141 each to independent third parties, and 60,000,000 warrants at a warrant issue price of HK$0.01 each and subscription price of HK$0.141 per warrant share to independent third parties ("July 2012 Placing").

The net proceeds raised from the share placement and warrant placement in May 2012 Placing were approximately HK$2,706,000 and HK$293,000 respectively, and approximately HK$1,375,000 and HK$585,000 respectively from the share placement and warrant placement in July 2012 Placing. The majority part of the net proceeds from the aforesaid share and warrant placements has been applied towards the Company's initial paid-in capital requirements in respect of the two aforementioned WFOEs.

On 13 December 2012, 156,250,000 offer shares of par value of HK$0.10 each of the Company were issued under an open offer at a subscription price of HK$0.10 each ("Open Offer"). The gross proceeds raised from the Open Offer were approximately HK$15,625,000 which has been used for paying up the registered capital of Guangzhou YBDS, settling the payment for purchase of certain wireless internet network equipment and for general working capital purpose.

On 27 March 2013, the Company completed a placing for an aggregate of 125,000,000 new shares of HK$0.10 each in the capital of the Company at a share placing price of HK$0.145 each to independent third parties ("March 2013 Placing"). The net proceeds raised from the share placement in March 2013 Placing were approximately HK$17,672,000.

Financial Review

For the year ended 31 March 2013, the Group recorded a revenue of approximately HK$53,729,000, representing an increase of approximately 242% when compared with the last corresponding year. The significant increase in revenue was principally due to the Group generated approximately HK$35,045,000 in the trading of gigabit-passive optical network equipment ("G-PON"). Loss attributable to owners of the Company for the year was approximately HK$11,860,000 as compared to a profit of approximately HK$6,233,000 for the year ended 31 March 2012.

Financial Resources and Liquidity

As at 31 March 2013, the shareholders' funds of the Group amounted to approximately HK$31,476,000. Current assets were approximately HK$60,593,000, mainly comprising cash and cash equivalents of approximately HK$28,158,000 and trade and other receivables of approximately HK$32,435,000. Current liabilities mainly comprised trade and other payables of approximately HK$19,699,000 and bank borrowings of HK$10,000,000. The net asset value per share was approximately HK$0.035. The Group's gearing ratio, expressed as a percentage of bank borrowings and long-term debts over total equity, was 0.32 times. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 2.04:1 (as at 31 March 2012: 1.07:1).

Exposure to Exchange Rate Fluctuation

For the year ended 31 March 2013, 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 2013, the Group had operating lease commitments in respect of rented office premises of approximately HK$883,000 (2012: HK$162,000). As at 31 March 2013 and 2012, the Group had no significant capital commitment.

Contingent Liabilities

As at 31 March 2013 and 2012, the Group had no material contingent liabilities.

Charges on the Group's Assets

As at 31 March 2013, the Group had no charges on the Group's assets.

Employees and Remuneration Policies

As at 31 March 2013, the Group had 26 employees (including 7 Directors) (2012: 14 employees (including 6 Directors)). The total remuneration paid to employees, including Directors, for the year ended 31 March 2013 was approximately HK$9,036,000 (2012: HK$3,116,000). 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.

Segmental Information

Business segments

During the year under review, the revenue of hardware sales was increased by approximately 358%. The revenue of maintenance services was decreased by approximately 62%. Moreover, the revenue of software sales was also decreased 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 35% of the total revenue (2012: 96%).

Future plans for material investments or capital assets

In 2012, the Group entered into the PRC market to explore and develop business opportunities in the areas of, among others, 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 venture cooperation with multinational companies to introduce and procure mobile application services. Guangzhou YBDS and Beijing Yunbo were set up to facilitate these potential ventures.

As disclosed in the announcement of the Company dated 2 August 2012, the Company entered into a non-legally binding letter of intent with Chinasoft International Limited (中軟國際有限公司) (stock code: 354) ("Chinasoft"), pursuant to which the Company and Chinasoft will collaborate with each other on bidding for specific parts of the project to be implemented by a telecommunication operator in the PRC for the construction of a wireless city infrastructure in the PRC ("Wireless City Project").

As further disclosed in the announcement of the Company dated 7 May 2013, 北京掌中無限信息技術有限公司 (MMIM Info. Technology Co., Ltd.*) ("MMIM"), a wholly-owned subsidiary of Chinasoft in the PRC, has submitted open tender documents for specific parts of the Wireless City Project (the "Bidding") to China Mobile Group Guangdong Company Limited ("Telecommunication Operator"). On 7 May 2013, Excellent Master Investments Limited ("Excellent Master"), a wholly-owned subsidiary of the Company, Chinasoft International (Hong Kong) Limited, a wholly-owned subsidiary of Chinasoft, the Company and Chinasoft have entered into a project implementation agreement to implement the specific parts of the Wireless City Project in the event that the Bidding is successful (in which case MMIM and Telecommunication Operator will enter into a formal project agreement).

In addition, the Group generated revenue of approximately HK$35,045,000 in the trading of G-PON.

Moreover, in line with the medium to long term strategic planning for the development of education in the PRC, the Department of Education of Guangdong Province of the PRC issued "The Development of Informationization in Education in Guangdong Province "12th 5-Year" Plan"* (廣東省教育信息化發展"十二五"規劃) on 30 August 2012 to promulgate its intention to expedite current movements in raising the standard of education levels in Guangdong Province through the advancements of technology. The Department of Education of Guangdong Province of the PRC intends to standardize the education programmes taught in primary and secondary schools such that students in rural areas will be able to enjoy the same quality of education as those enjoyed by students in the urban areas. To achieve this objective, the Department of Education of Guangdong Province of the PRC decided to establish an online education platform.

It is under this premise that Guangzhou YBDS and the Guangdong branch of China Telecom Corporation Limited ("China Telecom Guangdong") to combine their resources by collaborating with each other to develop, establish, and operate an integrated online education platform (the "Online Education Platform") to support the policy of the Department of Education of Guangdong Province of the PRC.

The capital budget needed to construct the Online Education Platform capable of supporting up to 6 million subscribers is expected to be RMB700 million. Guangzhou YBDS intends to commence the construction in the third quarter of 2013 with the first phase of the Online Education Platform anticipated to be up and running before the end of 2013. The RMB700 million is not a capital commitment nor is it a condition for the entering into the collaboration agreement with China Telecom Guangdong. The actual investment to be made by the Group will depend on the circumstances as well as the overall progress and development of the Online Education Platform.

Once completed, it is expected that the Online Education Platform will be able to serve all education administration and research institutions, more than 20,000 primary and secondary schools and teachers, and over 18,000,000 students in Guangdong Province.

As disclosed in the announcements of the Company dated 12 April 2013 and 18 April 2013, the Group entered into a non-legally binding memorandum of understanding with New5TV (Cayman) CO., LTD. on 12 April 2013 to establish, develop, and create a variety of online platforms that employs a "narrowcasting" television channel operating mode. The Group also entered into a cooperation agreement with South China Normal University on 18 April 2013 to work on a project to research, develop, design and produce micro lectures in physics with the intention of distributing the programmes made under the project to targeted audiences in the PRC through the aforesaid online platforms.

The Directors believe that the entering into of the aforesaid agreements is part and parcel to the Group's new corporate strategy in broadening its income base and enhancing its growth potential.

CORPORATE GOVERNANCE

The Stock Exchange issued the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules which sets out corporate governance principles (the "Principles") and code provisions (the "Code Provisions") with which listed issuers are expected to follow and comply.

The Company has applied the Principles as set out in the CG Code and has complied with the Code Provisions of the CG Code during the year ended 31 March 2013 except for the deviations disclosed in the following paragraphs. Throughout the year, the Company continued to strive for improvement on its corporate governance.

Code 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 situations of close management 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 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. 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.

Code C.1.2

Code Provision C.1.2 stipulates that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules.

During the reporting period, updates on the Group's business and financial were not provided to the members of the Board on monthly basis. Instead, the members of the Board were given information as long as there are any updates on Group's business and were given financial updates on quarterly basis. The management of the Company will strive to provide each member of the Board with updates on the Group's business and financial on monthly basis in future.

Code E.1.2

Code Provision E.1.2 stipulates that the chairman of the board should invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this is duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

During the reporting period, the chairman of the audit committee, nomination committee and remuneration committee of the Company, due to personal commitments, did not attend or appoint delegate to attend the annual general meeting of the Company held on 6 August 2012 ("2012 AGM") as required under code provision E.1.2 of the CG Code. Instead, the chairmen of the audit committee, remuneration committee and nomination committee were well informed by the Company in advance of the date and time of the 2012 AGM and were made available to answer questions raised at the 2012 AGM by telephone.

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

Share Placement

On 4 June 2012, the Company completed a placing for an aggregate of 15,000,000 new shares of HK$0.10 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 warrant share to independent third parties.

On 26 July 2012, the Company completed a placing for an aggregate of 10,000,000 new shares of HK$0.10 each in the capital of the Company at a share placing price of HK$0.141 each to independent third parties, and 60,000,000 warrants at a warrant issue price of HK$0.01 each and subscription price of HK$0.141 per warrant share to independent third parties.

On 13 December 2012, 156,250,000 offer shares of par value of HK$0.10 each of the Company were issued under the Open Offer. The gross proceeds raised from the Open Offer were approximately HK$15,625,000 which has been used for paying up the registered capital of Guangzhou YBDS, settling the payment for purchase of certain wireless internet network equipment and for general working capital purpose.

On 27 March 2013, the Company completed a placing for an aggregate of 125,000,000 new shares of HK$0.10 each in the capital of the Company at a share placing price of HK$0.145 each to independent third parties.

Details of the transactions have been published in the Company's announcements dated 17 May 2012, 4 June 2012, 6 July 2012, 26 July 2012, 31 October 2012, 13 December 2012, 12 March 2013 and 27 March 2013.

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 2012 and 4 June 2012.

On 8 July 2012, the Company and KGI Asia Limited entered into a warrant placing agreement in respect of the placement of 60,000,000 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$0.141.

The placement was completed on 26 July 2012 with the warrants expiring on 26 July 2017.

Details of the transaction have been published in the Company's announcements dated 6 July 2012 and 26 July 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 90,000,000 outstanding warrants; the exercise in full of these warrants would result in further issuance of 90,000,000 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 2013.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established in May 2000, and the Company 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. 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.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2013.

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 2013 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, 27 May 2013

As at the date of this announcement, the executive Directors are Mr. Yau Hoi Kin, Mr. Kwong Wai Ho Richard and Dr. Huang Youmin; the non-executive Director is Mr. Hsu Chia-Chun; 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://ybds.com.hk.

* *For identification purposes only*