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 2014

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

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

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

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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 2014

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 2014, together with the comparative figures for the year ended 31 March 2013, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Note	**2014 HK$'000**	2013 HK$'000
Revenue	4	**36,572**	53,729
Cost of sales and services		**(28,055)**	(50,300)
Gross profit		**8,517**	3,429
Other income	5	**419**	568
Distribution costs		**(720)**	(791)
Administrative expenses		**(18,622)**	(14,738)
Other operating expenses		**–**	(238)
Finance costs	6	**(13)**	(95)
Loss before income tax	7	**(10,419)**	(11,865)
Income tax expense	8	**(8)**	(31)
Loss for the year		**(10,427)**	(11,896)
Other comprehensive income			
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**336**	34
Other comprehensive income for the year, net of tax		**336**	34
Total comprehensive expense for the year		**(10,091)**	(11,862)
Loss for the year attributable to:			
Owners of the Company		**(10,481)**	(11,860)
Non-controlling interests		**54**	(36)
		(10,427)	(11,896)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(10,145)**	(11,826)
Non-controlling interests		**54**	(36)
		(10,091)	(11,862)
Loss per share attributable to the owners of the Company			
– Basic (in HK cents)	10	**(0.87)**	(1.78)
– Diluted (in HK cents)	10	**(0.87)**	(1.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**1,234**	613
Intangible assets		**1,025**	–
		2,259	613
Current assets			
Trade and other receivables	11	**17,134**	32,435
Cash and cash equivalents		**112,112**	28,158
		129,246	60,593
Current liabilities			
Trade and other payables	12	**8,870**	19,699
Bank borrowings	13	**–**	10,000
Taxation payable		**–**	31
		8,870	29,730
Net current assets		**120,376**	30,863
Total assets less current liabilities		**122,635**	31,476
Net assets		**122,635**	31,476
Equity			
Equity attributable to the owners of the Company			
Share capital		**135,625**	90,625
Reserves		**(13,177)**	(59,282)
		122,448	31,343
Non-controlling interests		**187**	133
Total equity		**122,635**	31,476

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	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 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 and 1 April 2013	**90,625**	**43,685**	**900**	**34**	**(103,901)**	**31,343**	**133**	**31,476**
Comprehensive expense								
Loss 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)**
Issue of shares	**45,000**	**56,250**	**–**	**–**	**–**	**101,250**	**–**	**101,250**
As at 31 March 2014	**135,625**	**99,935**	**900**	**370**	**(114,382)**	**122,448**	**187**	**122,635**

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 2014 were approved for issue by the board of directors on 12 May 2014.

2. BASIS OF PREPARATION

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

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

The financial statements have been prepared under the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. 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 1	Presentation of items of other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities

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

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The Group's presentation of other comprehensive income has been modified accordingly.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12, Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's investments in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those required by the respective standards.

HKFRS 13 Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 Disclosure – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and liabilities. Those new disclosures are required for all recognised financial instruments that are set off under HKAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

3. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

Amendments to HKFRS 7 Disclosure – Offsetting financial assets and financial liabilities (continued)

The adoption of the amendments does not have an impact on the Group's consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

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 2014:

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

Amendments to HKFRS 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 a position to ascertain their impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

	2014 **HK$'000**	2013 HK$'000
Revenue:		
Hardware	**28,345**	51,928
Software	**862**	909
Services	**7,365**	892
	36,572	53,729

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 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.

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**

The segment results for the year ended 31 March 2013 are as follows:

	Hardware HK$'000	Software HK$'000	Services HK$'000	Unallocated HK$'000	Total 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

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

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**

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

* Unallocated assets mainly include cash and cash equivalents as at 31 March 2014 and 2013. Unallocated liabilities mainly include accruals as at 31 March 2014 and bank borrowings as at 31 March 2013.

4. REVENUE AND SEGMENT INFORMATION (continued)

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

	2014	2013
	HK$'000	HK$'000
Revenue:		
Hong Kong	**29,016**	18,684
PRC	**7,556**	35,045
	36,572	53,729

Three (2013: One) single external customers contribute more than 10% revenue of the Group. Revenues of approximately HK$7,590,000, HK$6,350,000 and HK$5,523,000 are derived from customer A, customer B and customer C respectively, for the year ended 31 March 2014. These revenues are attributable to hardware (customer A and customer C) and services (customer B) segments respectively. For the year ended 31 March 2013, revenues of approximately HK$35,045,000 were derived from one single customer which were attributable to hardware segment.

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

	2014	2013
	HK$'000	HK$'000
Non-current assets:		
Hong Kong	**1,281**	101
PRC	**978**	512
	2,259	613

5. OTHER INCOME

	2014	2013
	HK$'000	HK$'000
Interest income on short-term bank deposits	**227**	–
Others	**192**	568
	419	568

6. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on bank borrowings wholly repayable within one year	**13**	95

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2014	2013
	HK$'000	HK$'000
Auditors' remuneration	**250**	250
Bad debts written off	**–**	238
Cost of inventories sold	**25,728**	49,354
Depreciation of property, plant and equipment	**348**	62
Employee benefit expense	**11,364**	9,036
Net foreign exchange loss	**24**	191
Operating lease charges in respect of rented premises	**1,849**	432
Operating lease charges in respect of rented equipment	**18**	18

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 (2013: Nil as the Group had incurred losses for taxation purpose). The PRC enterprise income tax has been provided at the rate of 25% (2013: 25%) on the estimated assessable profit for the year.

	2014	2013
	HK$'000	HK$'000
PRC enterprise income tax		
Current year	**8**	31
Income tax expense	**8**	31

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

	2014	2013
	HK$'000	HK$'000
Loss before income tax	**(10,419)**	(11,865)
Tax on loss before income tax, calculated at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**(1,719)**	(1,957)
Tax effect of non-deductible expenses	**45**	142
Tax effect of non-taxable income	**(35)**	–
Tax effect of unrecognised tax losses	**1,949**	1,856
Tax effect of unrecognised temporary differences	**(147)**	(20)
Utilisation of previously unrecognised tax losses	**(88)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3**	10
Income tax expense	**8**	31

9. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: 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$10,481,000 (2013: loss of approximately HK$11,860,000) by the weighted average number of 1,200,907,534 (2013: 667,565,068) ordinary shares in issue during the year.

Diluted loss per share for the years 2014 and 2013 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:

	2014	2013
Loss attributable to owners of the Company (HK$'000)	**(10,481)**	(11,860)
Weighted average number of ordinary shares in issue during the year (in thousands)	**1,200,908**	667,565
	HK cents	HK cents
Basic loss per share	**(0.87)**	(1.78)
Diluted loss per share	**(0.87)**	(1.78)

11. TRADE AND OTHER RECEIVABLES

	2014 **HK$'000**	2013 HK$'000
Trade receivables	**13,943**	31,983
Prepayments, deposits and other receivables	**3,191**	452
	17,134	32,435

11. TRADE AND OTHER RECEIVABLES (continued)

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:

	2014	2013
	HK$'000	HK$'000
0–30 days	**847**	7,959
31–60 days	**384**	6,582
61–90 days	**135**	16,111
91–180 days	**4**	1,264
181–365 days	**12,566**	55
Over 365 days	**7**	12
	13,943	31,983

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

	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**–**	12,838
1–30 days past due	**847**	4,365
31–60 days past due	**384**	14,262
61–90 days past due	**135**	298
91–180 days past due	**4**	153
181–365 days past due	**12,566**	55
Over 365 days past due	**7**	12
	13,943	19,145
	13,943	31,983

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

	2014	2013
	HK$'000	HK$'000
Trade payables	**4,818**	17,852
Other payables and accruals	**3,234**	1,546
Sales deposits received	**818**	301
	8,870	19,699

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

	2014	2013
	HK$'000	HK$'000
0–30 days	**918**	7,496
31–60 days	**3,761**	384
61–90 days	**30**	9,826
91–180 days	**49**	77
181–365 days	**–**	9
Over 365 days	**60**	60
	4,818	17,852

All amounts are short term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair values.

13. BANK BORROWINGS

	2014	2013
	HK$'000	HK$'000
Bank loans-secured	**–**	10,000
Carrying amount repayable:		
Amounts due on demand or within one year shown under current liabilities	**–**	10,000

As at 31 March 2014, the Group did not have any banking facilities. As at 31 March 2013, the Group had banking facilities amounted to HK$100,000,000 secured by the ultimate holding company's bank deposits and carried interest at 1.3% per annum over HIBOR. As at 31 March 2013, the unutilised banking facilities amounted to HK$90,000,000.

As at 31 March 2013, all bank loans were denominated in Hong Kong dollars and the effective interest rate at the reporting date was 1.5% per annum. The carrying amounts of bank loans approximated their fair values, as the impact of discounting was not significant due to their short-term maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The general business and operating environment during the reporting period continues to be affected by the spillover effects of global economic conditions even for those markets which historically have recorded high growth rates such as the market in the PRC. Although the overall momentum for the PRC market remains positive, slower macro-economic growth, and greater and more complex competition have made the telecommunications industry in the PRC more challenging.

The global internet technological development and applications have come to an effectual period of "consolidation and fission". Emerging production elements such as big data, cloud computing, unified communications, 4G mobile new media, network security SDN and e-finance have been transformed into the "production tools" of the "new economic generation". At this moment, the economic entities of the traditional global industries have entered into a turbulent period in respect of the transformation from old to new entities. A tide of tremendous changes in global economic entities is approaching. It indicates that an era of bell for a thorough reform in global economic entities has been ringing! All nations around the world will welcome the incoming big era of "Yunbo Digital Synergy".

"雲" is the Chinese character stands for "cloud", which represents the forms of development in respect of the "cloud network" in the internet cloud computing, which indicates the general integration of network structure and 4 screens' interconnection (PCs, mobile phones, televisions and iPads). The forms of development refer to the cloud forms of interconnected applications such as cloud space, cloud service, cloud search, cloud community, cloud browsing.

Cloud service is the realization of interconnection between various end devices. The operating terminals of PCs, mobile phones, televisions and tablets no longer require strong processing capabilities. All the resources used by the users are provided by a cloud back-office complex with powerful storage and processing capabilities.

"博" is the Chinese character having the meaning of "rich and extensive", which represents big data, unified communications, cloud computing, network security SDN, e-finance, 4G based new media, etc. It covers all the contents of internet technological development and applications in different stages.

The rising of the era of big data, which shocks the foundations of all the traditional industries, has been blended with the blood of the individuals, enterprises, nations and global economic entities and has become a new productivity in this generation. The excavation and use of the substantial amount of data foreshadow the growth of the production rate in this new generation and the trend of consumers' surplus.

In early 2012, there was a change of leadership in the Company. The new senior management had carefully evaluated the Company's situation, and subsequently decided to adopt a new corporate strategy in hopes of being able to broaden the Group's income base and strengthen its growth potential. The re-defined direction steered the Company into the telecommunications industry in the PRC market to focus on the Company's strengths in business and product development particularly in the areas of trading of ancillary high-tech software and hardware equipment; developing and establishing integrated online platforms for the distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application products and services, among others.

To facilitate the Group's future business endeavors and potential joint cooperations, two wholly foreign owned enterprises, 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") were established in the PRC.

Guangzhou YBDS

Guangzhou YBDS was approved for establishment on 13 August 2012 while its business license was issued on 18 September 2012. The entire equity interest of Guangzhou YBDS is held by Pacific Honour Development Limited, a wholly owned subsidiary of the Company. Guangzhou YBDS' initial total investment and registered capital was RMB40 million and RMB20 million, respectively. On 11 November 2013, the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality (廣州市對外貿易經濟合作局) granted its approval for Guangzhou YBDS to increase its total investment from RMB40 million to RMB80 million, and its registered capital from RMB20 million to RMB40 million. As at the date of this report, approximately 60.84% of its registered capital (or the equivalent to approximately RMB24.33 million) has been paid up with the remaining 39.16% (or the equivalent to approximately RMB15.67 million) being due and payable on or before 13 November 2014. 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 Yunbo

Beijing Yunbo was approved for establishment on 21 November 2012 while its business license was issued on 19 December 2012. The entire equity interest of Beijing Yunbo is held by Able Bloom Technology Limited, a wholly-owned subsidiary of the Company. Beijing Yunbo's total investment and registered capital are RMB40 million and RMB20 million, respectively. As at the date of this report, 20% of the registered capital or RMB4 million has been paid up with the remaining 80% or RMB16 million due to be paid on or before 18 December 2014. Beijing Yunbo's business scope 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.

To ensure the Company is financially stable with sufficient financial resources to continue the development of its proposed projects. The Company on 5 August 2013, allotted and issued 450,000,000 new shares of the Company having 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, the Group's single largest shareholder, raising net proceeds of about HK$100 million. 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.

In spite of the ever challenging operating environment in the PRC, the Group has made great strides over the past two years in its business development after having entered into the telecommunications industry in the PRC market.

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 agreed to collaborate with each other to submit a tender bid for specific parts of a wireless infrastructure project 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"). China 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.

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, had 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).

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

In March 2014, the Company and ChinaSoft entered into a non-legally binding letter of intent to submit a tender to construct 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 were also working together to submit a bid for contracted work relating to the repair and maintenance and operations of China Mobile's 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 is currently estimated to have over 320 million registered users, and 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 PCs and mobile phones in the PRC.

On 7 April 2014, the Company and ChinaSoft entered into a project implementation agreement with respect to the contracted work for Fetion. As consideration for due performance of its obligations under the formal agreement, ChinaSoft has agreed to pay the Company a total sum of RMB15 million (equivalent to about HK$18.75 million) in three instalments.

When collaborating with ChinaSoft, typically if our tender is successful, ChinaSoft would first enter into a formal project agreement with 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 establishing integrated online platforms, Guangzhou YBDS and the Guangdong Branch of China Telecom Corporation Limited (中國電信股份有限公司) (stock code: 728) ("Guangdong Telecom") entered into a collaboration agreement to combine their resources and cooperate with each other to develop, establish, and operate an integrated online education platform (the "Online Education Platform") to support the open policies of Guangdong's education.

The Education Department had, on 30 August 2012, 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) to promulgate its intention to expedite current movements to raise the standard level of education in Guangdong through advancements of technology. The Education Department intends to standardize the education programs taught in primary and secondary schools such that students in rural areas will be able to enjoy the same quality of education as those in the urban areas. One of the means of achieving this objective was to make education virtual.

Under the collaboration agreement, Guangdong Telecom is responsible for constructing a specific network dedicated to the Online Education Platform to facilitate the stable transmission of information and content and covering all education administration and research institutions as well as primary and secondary schools within Guangdong Province. Guangdong Telecom will operate and maintain this dedicated network, which include upgrading and testing of the access terminals and access terminal equipment, installation services, as well as provision of technical support. Guangzhou YBDS is responsible for the investment of an amount up to RMB700 million to construct the Online Education Platform, and provided it with overall management and operation services which include technical services, software and hardware, studios and work space for video recording as well as project implementation, market demand analysis, system integration, computing technology, technical support, network testing and liaising with the various education administration departments.

Once completed, the Online Education Platform, capable of serving up to 6 million subscribers, will be able to serve all education administration and research institutions, and more than 20,000 primary and secondary schools, 890,000 teachers, and over 18,000,000 students in Guangdong Province.

During the reporting period, the Company has completed the design, construction and testing of a prototype of the over-the-top network system for the Online Education Platform.

In the area of trading ancillary high-tech software and hardware equipment, the Company commenced the trading of Gigabit-Passive Optical Network ("G-PON") equipment in the 4th quarter of 2012. For the year ended 31 March 2014, the Group generated revenue of approximately HK$5.52 million in the trading of G-PON equipment (HK$35.05 million for the year ended 31 March 2013).

Additionally, to be able to submit tenders to supply Points of Sales ("POS") terminals, Guangzhou YBDS had entered into an agreement with Fujian Newland Computer Co., Ltd. (福建新大陸電腦股份有限公司) ("Newland") with Guangzhou YBDS being appointed as a sales and marketing agent for POS terminals manufactured by Newland. 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 provided with application-specific programs and I/O devices for the particular environment in which it serves.

During the reporting period, the Group had supplied China Telecom Bestpay E-commerce Ltd. (天翼電子商務有限公司) ("China Telecom Bestpay") with 1,600 sets of POS terminals for a total contract sum of RMB1.89 million, or approximately HK$2.38 million.

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 Computers Limited, a subsidiary of the Company.

FINANCIAL REVIEW

For the year ended 31 March 2014, the Group recorded a revenue of approximately HK$36,572,000, representing an decrease of approximately 32% when compared with the last corresponding year. The significant decrease in revenue was principally due to a drop of business volume in the trading of G-PON equipment the Group having generated approximately HK$5,523,000 during the year. Loss attributable to owners of the Company for the year was approximately HK$10,481,000 as compared to a loss of approximately HK$11,860,000 for the year ended 31 March 2013.

SEGMENTAL INFORMATION

Business segments

During the year under review, revenue generated from hardware sales decreased by approximately 45%, revenue from maintenance services increased by approximately 14% while revenue from consultancy services increased by HK$6,350,000. Additionally, revenue from software sales decreased by approximately 5%.

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 79% of the total revenue (2013: 35%).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2014, the shareholders' funds of the Group amounted to approximately HK$122,635,000. Current assets were approximately HK$129,246,000, mainly comprising cash and cash equivalents of approximately HK$112,112,000 and trade and other receivables of approximately HK$17,134,000. Current liabilities mainly comprised trade and other payables of approximately HK$8,870,000 and bank borrowings of nil. The net asset value per share was approximately HK$0.090. 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 14.57:1 (as at 31 March 2013: 2.04:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For the year ended 31 March 2014, 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 2014, the Group had operating lease commitments in respect of rented premises, online platform and equipment of approximately HK$39,716,000 (2013: HK$883,000). As at 31 March 2014 and 2013, the Group had no significant capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2014 and 2013, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2014 and 2013, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group had 44 employees (including 7 Directors) (2013: 26 employees (including 7 Directors)). The total remuneration paid to employees, including Directors, for the year ended 31 March 2014 was approximately HK$11,364,000 (2013: HK$9,036,000). 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 2014, the Group had no significant investment.

FUTURE PROSPECTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In line with the Department of Education of Guangdong Province's medium to long term strategic planning to standardize the education programs taught in primary and secondary schools such that students in rural areas will be able to enjoy the same quality of education as those in the urban areas, on 22 April 2013, Guangzhou YBDS and Guangdong Telecom decided to combine their resources by collaborating with each other to develop, establish, and operate the Online Education Platform.

The Online Education Platform is an integrated platform that enables its subscribers to access educational content through data-streaming for a monthly subscription fee. An additional fee is charged for viewing access to special programming made available by video on demand. When completed, it will have a capacity to serve up to 6 million subscribers targeting all education administration and research institutions, and more than 20,000 primary and secondary schools, 890,000 teachers, and over 18,000,000 students in Guangdong Province.

Under the collaboration agreement, Guangzhou YBDS is responsible for the investment up to RMB700 million to construct the Online Education Platform, and project implementation by providing the necessary technical services, including developing the various software applications for content distribution, data streaming, video on demand, content compression, management of the subscribers base, and an information and data control center, developing a comprehensive content delivery/distribution network or a large distributed system of several thousand servers deployed in multiple data centers across the Internet capable of supporting up to 6 million subscribers, and manufacture of required amount of encoders or set-up boxes equipped with wireless remote controls and headphone capability, setting up offices as well as studios and work space for video recording (it anticipates to lease up to 6,600 square meters of space in Guangzhou, and up to 500 square meters of space in the other 20 satellite offices in cities within Guangdong Province), renovation work, all heating, ventilation and air-conditioning, office furniture, computer equipment, related video recording equipment, staffing of up to 1,100 people consisting of professionals, technicians as well as service and maintenance personnel, among others, project implementation, computing technology, market demand analysis, system integration, technical support, and network testing as well as liaising with the various education administration departments in Guangdong Province.

Guangdong Telecom is responsible for construction of a specific network dedicated to the Online Education Platform to facilitate the stable transmission of educational information and content covering all education administration and research institutions as well as primary and secondary schools within Guangdong Province. Guangdong Telecom will operate and maintain this dedicated network, which include upgrading and testing of access terminals and access terminal equipment, installation services, as well as provision of technical support.

Guangzhou YBDS, on 21 March 2014, entered into an agency framework agreement with Aspire Information Technologies (Beijing) Co., Ltd. (卓望信息技術(北京)有限公司) ("Aspire") pursuant to which Aspire has 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.

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

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 MISC and SIMS providing services nationwide. Aspire also assists China Mobile in the operation and support of mobile data businesses such as mobile newspaper and mobile reading. And through PIM, 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 Feition has a subscriber base of over 100 million users. In addition, it helped China Mobile to establish the first mobile market 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-defining and enhancing our business model.

The premise of our cooperation with Aspire together with Fetion's estimated over 100 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 phones, PCs, television, and iPads (collectively, the "4 Screens").

BesTV is a new media corporation controlled by Radio and Television Shanghai and Shanghai Media Group whose 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 the year ended 2012, BesTV had over 16 million IPTV subscribers.

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 businesses operate. Moreover, mobile users will be able to access more convenient and colorful content given the high bandwidth and low latency characteristics of 4G networks. Similarly, the cooperation with BesTV to develop and operate 4G new media businesses enable the Company to preempt the mainstream of 4G new media businesses onto the 4 screens.

The Directors 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 our 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 designs for e-finance, 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 ("Mr. Ni") was appointed as the Company's chief science and technology advisor of the Company on 7 April 2014. He will focus on advising the Company on its business activities in information and telecommunications technology. Set out below is the biography of Mr. Ni.

Mr. Ni, aged 75, is a fellow of the Chinese Academy of Engineering. He is a specialist in computer architecture and algorithms, and was previously the chief science and technology officer of the Lenovo Group. Mr. Ni graduated from the Nanjing Institute of Technology (now Southeast University in Nanjing) in 1961. After graduation, he was employed with the Institute of Computing Technology Chinese Academy of Sciences and has extensive experience in foundation research and product development in computing technology and its related fields. Mr. Ni pioneered the inputting of Chinese characters in computer applications. In 1994, he was among the first group of people selected to join the Chinese Academy of Engineering.

Mr. Ni was previously a fellow of the Institute of Computing Technology Chinese Academy of Sciences, a fellow of the Chinese Academy of Engineering. He has also served as the fifth and sixth Chairman of the Chinese Information Processing Society of China, a deputy director of the Cloud Computing Specialists Committee of the Chinese Institute of Electronics, a deputy director of the Internet of Things Specialists Committee of the Chinese Institute of Electronics, a deputy director of the Internet of Things Specialists Committee of the China Electronics Chamber of Commerce, a Deputy Director of Specialists Advisory Committee within the Administrative Committee of the Zhongguancun Haidian Science Park, a Deputy Director of Specialists Advisory Committee of the Chinese Academy of Governance, a Member of the Specialists Committee of the Chinese Electronic Records Management Centre. He also held various capacities such as the Specialists Committee of the Chinese Information Technology Security Evaluation Center, a representative of the 8th National People's Congress, a member of the 8th and 9th National Committee of the Chinese People's Political Consultative Conference and an honorary member of the 5th All-China Youth Federation.

The Directors believe the entering into of the agency framework agreement with Aspire and strategic cooperation agreement with BesTV is 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 the agency framework agreement and strategic cooperation agreement are in the interest of the Company and its shareholders as a whole.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the code provisions set out in the Code throughout the year ended 31 March 2014 except for the deviations from code 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"), Mr. Yau Hoi Kin ("Mr. Yau"), Mr. Kwong Wai Ho, Richard ("Mr. Kwong") and Dr. Huang Youmin ("Dr. Huang"), 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 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 5 August 2013, the Company allotted and issued 450,000,000 new shares of the Company at a par value of HK$0.10 each in the capital of the Company at a subscription price of HK$0.225 each ("Subscription Shares") to Happy On raising net proceeds of about HK$100,000,000 pursuant to a subscription agreement dated 2 June 2013 entered into between the Company and Happy On ("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 enlarged by the Subscription 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 2014.

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, 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. Mr. Liu Zhiquan had resigned as the chairman of the Audit Committee with effect from 19 December 2013 due to personal reasons. Following his resignation, Mr. Ngan Yu Loong, an independent non-executive Director, was appointed as chairman of the Audit Committee with effect from 19 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 2014 and the internal control system of the Group.

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

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the 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 May 2014

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

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*