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 2016

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 2016

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 2016, together with the comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Revenue	4	**326,982**	163,853
Cost of sales and services		**(280,646)**	(133,423)
Gross profit		**46,336**	30,430
Other income	5	**2,471**	2,111
Distribution costs		**(21,142)**	(5,419)
Administrative expenses		**(30,188)**	(28,622)
Loss before income tax	6	**(2,523)**	(1,500)
Income tax expense	7	**(3,482)**	(686)
Loss for the year		**(6,005)**	(2,186)
Other comprehensive (expense)/income			
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**(3,871)**	235
Other comprehensive (expense)/income for the year, net of tax		**(3,871)**	235
Total comprehensive expense for the year		**(9,876)**	(1,951)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(4,253)**	(2,819)
Non-controlling interests		**(1,752)**	633
		(6,005)	(2,186)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(7,235)**	(2,584)
Non-controlling interests		**(2,641)**	633
		(9,876)	(1,951)
Loss per share attributable to the owners of the Company			
– Basic (in HK cents)	9	**(0.31)**	(0.21)
– Diluted (in HK cents)	9	**(0.31)**	(0.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Non-current assets			
Property, plant and equipment		**2,594**	3,576
Intangible assets		**1,134**	1,164
Goodwill		**3,552**	3,552
		7,280	8,292
Current assets			
Inventories		**32,617**	27,823
Trade and other receivables	10	**161,812**	246,612
Financial assets designated at fair value through profit or loss		**46,882**	37,935
Cash and cash equivalents		**149,754**	133,046
		391,065	445,416
Current liabilities			
Trade and other payables	11	**266,386**	258,500
Tax payable		**1,170**	1,031
		267,556	259,531
Net current assets		**123,509**	185,885
Total assets less current liabilities		**130,789**	194,177
Non-current liabilities			
Other payables	11	**–**	53,512
Net assets		**130,789**	140,665
Equity			
Equity attributable to the owners of the Company			
Share capital		**135,625**	135,625
Reserves		**(22,996)**	(15,761)
		112,629	119,864
Non-controlling interests		**18,160**	20,801
Total equity		**130,789**	140,665

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	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 2014	135,625	99,935	900	370	(114,382)	122,448	187	122,635
Comprehensive (expense)/income								
(Loss)/profit for the year	–	–	–	–	(2,819)	(2,819)	633	(2,186)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	–	–	–	235	–	235	–	235
Total comprehensive income/(expense) for the year	–	–	–	235	(2,819)	(2,584)	633	(1,951)
Transaction with owners:								
Acquisition of China Mobile Payment Technology Group Company Limited	–	–	–	–	–	–	19,981	19,981
Total transactions with owners	–	–	–	–	–	–	19,981	19,981
As at 31 March 2015 and 1 April 2015	**135,625**	**99,935**	**900**	**605**	**(117,201)**	**119,864**	**20,801**	**140,665**
Comprehensive expense								
Loss for the year	**–**	**–**	**–**	**–**	**(4,253)**	**(4,253)**	**(1,752)**	**(6,005)**
Other comprehensive expense								
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**(2,982)**	**–**	**(2,982)**	**(889)**	**(3,871)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(2,982)**	**(4,253)**	**(7,235)**	**(2,641)**	**(9,876)**
As at 31 March 2016	**135,625**	**99,935**	**900**	**(2,377)**	**(121,454)**	**112,629**	**18,160**	**130,789**

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 consolidated financial statements for the year ended 31 March 2016 were approved for issue by the board of directors on 17 June 2016.

2. BASIS OF PREPARATION

These annual consolidated 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 accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The amendments to the GEM Listing Rules with reference to the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these consolidated financial statements.

The significant accounting policies that have been used in preparation of the consolidated 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 consolidated financial statements, if any, are disclosed in note 3 to the consolidated financial statements.

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

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated 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 consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the amendments to HKFRSs has no material impact on how the financial performance and financial position for the current and prior periods have been prepared and presented.

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

The following new standards, amendments and interpretations which have been issued by the HKICPA and may be relevant to the Group in future years but are not yet effective for the year ended 31 March 2016.

Effective for the annual period beginning on or after 1 April 2016:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

Notes:

1. Effective for annual periods beginning on or after 1 January 2016
2. Effective for annual periods beginning on or after 1 January 2018
3. Effective for annual periods beginning on or after 1 January 2019
4. Effective date not yet determined

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

	2016 **HK$'000**	2015 HK$'000
Revenue:		
Hardware	**319,547**	145,101
Software	**1,544**	1,346
Services	**5,891**	17,406
	326,982	163,853

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

4. REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

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

The segment results for the year ended 31 March 2016 are as follows:

	Hardware HK$'000	**Software HK$'000**	**Services HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Revenue from external customers	**319,547**	**1,544**	**5,891**	**–**	**326,982**
Reportable segment profit/(loss)	**10,102**	**372**	**(1,487)**	**(13,981)***	**(4,994)**
Bank interest income					**433**
Other income					**2,038**
Loss before income tax					**(2,523)**
Income tax expense (Note 7)					**(3,482)**
Loss for the year					**(6,005)**
Depreciation of property, plant and equipment	**786**	**1**	**3**	**135**	**925**
Amortisation of intangible assets	**–**	**–**	**–**	**2**	**2**
Addition to non-current assets	**53**	**4**	**2**	**19**	**78**
Impairment loss on other receivables	**–**	**–**	**122**	**–**	**122**

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

4. REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

The segment assets and liabilities as at 31 March 2016 are as follows:

	Hardware HK$'000	**Software HK$'000**	**Services HK$'000**	**Total HK$'000**
Segment assets	**185,274**	**246**	**1,164**	**186,684**
Unallocated assets*				**211,661**
Total assets				**398,345**
Segment liabilities	**230,425**	**39**	**252**	**230,716**
Unallocated liabilities*				**36,840**
Total liabilities				**267,556**

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

4. REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

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

	2016 HK$'000	2015 HK$'000
Revenue:		
Hong Kong	**10,276**	24,963
PRC	**316,706**	138,890
	326,982	163,853

One (2015: One) single external customer contributes more than 10% revenue of the Group. Revenues of approximately HK$252,391,000 are derived from this customer for the year ended 31 March 2016. These revenues are attributable to hardware segment. For the year ended 31 March 2015, revenues of approximately HK$130,418,000 are derived from this customer. These revenues were attributable to hardware segment.

As at 31 March 2016, accounts receivable from this external customer accounted for 81% of the Group's total accounts receivable. As at 31 March 2015, accounts receivable from this external customer accounted for 86% of the Group's total accounts receivable.

4. REVENUE AND SEGMENT INFORMATION (continued)

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

	2016 HK$'000	2015 HK$'000
Non-current assets:		
Hong Kong	**1,023**	1,122
PRC	**6,257**	7,170
	7,280	8,292

5. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Interest income on short-term bank deposits	**433**	470
Interest income from structured deposits	**1,844**	522
Net realised gain on financial assets at fair value through profit or loss	**–**	502
Others	**194**	617
	2,471	2,111

6. LOSS BEFORE INCOME TAX

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

	2016 HK$'000	2015 HK$'000
Auditors' remuneration	**417**	600
Cost of inventories sold	**273,262**	132,674
Depreciation of property, plant and equipment	**925**	583
Loss on written off of property, plant and equipment	**–**	34
Amortisation of intangible assets	**2**	–
Employee benefit expense	**23,227**	14,719
Net foreign exchange (gain)/loss	**(1,361)**	113
Impairment loss on other receivables	**122**	–
Operating lease charges in respect of rented premises	**4,105**	3,294
Operating lease charges in respect of rented equipment	**11**	14

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the year as the Group had incurred losses for taxation purpose (2015: Nil as the Group had incurred losses for taxation purpose). The PRC enterprise income tax has been provided at the rate of 25% (2015: 25%) on the estimated assessable profit for the year.

	2016	2015
	HK$'000	HK$'000
PRC enterprise income tax		
Current year	**3,482**	686
Income tax expense	**3,482**	686

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

	2016	2015
	HK$'000	HK$'000
Loss before income tax	**(2,523)**	(1,500)
Tax on loss before income tax, calculated at Hong Kong profits tax rate of 16.5% (2015: 16.5%)	**(416)**	(247)
Tax effect of non-deductible expenses	**232**	94
Tax effect of non-taxable income	**(3)**	(157)
Tax effect of unrecognised tax losses	**2,592**	1,063
Tax effect of unrecognised temporary differences	**(7)**	(10)
Utilisation of previously unrecognised tax losses	**–**	(462)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,084**	405
Income tax expense	**3,482**	686

8. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

9. 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$4,253,000 (2015: loss of approximately HK$2,819,000) by the weighted average number of 1,356,250,000 (2015: 1,356,250,000) ordinary shares in issue during the year.

Diluted loss per share for the years 2016 and 2015 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:

	2016	2015
Loss attributable to owners of the Company (HK$'000)	**(4,253)**	(2,819)
Weighted average number of ordinary shares in issue during the year (in thousands)	**1,356,250**	1,356,250
	HK cents	HK cents
Basic loss per share	**(0.31)**	(0.21)
Diluted loss per share	**(0.31)**	(0.21)

10. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	HK$'000
Bill receivables	**2,143**	55,605
Trade receivables	**147,237**	146,215
Total bill and trade receivables	**149,380**	201,820
Prepayments, deposits and other receivables	**12,432**	44,792
	161,812	246,612

10. TRADE AND OTHER RECEIVABLES (continued)

The credit period granted by the Group to its customers generally ranged from 0 to 120 days (2015: 0 to 90 days). At the reporting date, the ageing analysis of the Group's trade and bill receivables (net of provision for impaired receivables) based on invoice date is as follows:

	2016 HK$'000	2015 HK$'000
0–30 days	**114,183**	137,219
31–60 days	**80**	11,486
61–90 days	**258**	16,778
91–180 days	**21,544**	18,770
181–365 days	**9,059**	1,295
Over 365 days	**4,256**	16,272
	149,380	201,820

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

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	**104,985**	111,269
1–30 days past due	**13,672**	25,950
31–60 days past due	**80**	11,486
61–90 days past due	**259**	16,778
91–180 days past due	**17,070**	18,770
181–365 days past due	**9,058**	1,295
Over 365 days past due	**4,256**	16,272
	44,395	90,551
	149,380	201,820

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.

11. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	HK$'000
Current liabilities		
Trade payables	**227,006**	240,155
Other payables and accruals	**35,670**	16,714
Sales deposits received	**3,710**	1,631
	266,386	258,500
Non-current liabilities		
Other payables	**–**	53,512

At 31 March 2016, all trade and other payables are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value. At 31 March 2015, the long-term payables were mainly cash advances from third parties, which are unsecured, interest free and not payable within one year. Other than the long-term payables, all amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair values.

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

	2016	2015
	HK$'000	HK$'000
0–30 days	**38,990**	23,797
31–60 days	**203**	15,926
61–90 days	**16,444**	12,356
91–180 days	**32,408**	58,073
181–365 days	**85,516**	69,133
Over 365 days	**53,445**	60,870
	227,006	240,155

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2016, the Group had recorded revenue of approximately HK$326,982,000, representing an increase of approximately 100% when compared with its results for the year ended 31 March 2015. The significant increase in revenue was principally attributed to the Group having consolidated the full year operating performance of China Mobile Payment Technology Group Company Limited's (中國支付科技集團有限公司) ("**China Mobile Payment**"), as compared with only for the period from 23 December 2014 to 31 March 2015 for the fiscal year ended 31 March 2015. Loss attributable to owners of the Company for the year was approximately HK$4,253,000 as compared to a loss of approximately HK$2,819,000 for the year ended 31 March 2015.

China Mobile Payment and its major operating subsidiaries are principally engaged in the trading of residential gateway products, namely, routers, Gigabit-Passive Optical Network ("**G-PON**") equipment and Ethernet-Passive Optical Network ("**E-PON**") equipment, as well as providing IT network consultation services. China Mobile Payment's major customer is China Telecom Corporation Limited (中國電信股份有限公司) ("**China Telecom**"). The Company, through its indirectly wholly-owned subsidiary, Able Bloom Technology Limited, on 23 December 2014 acquired the entire equity interest of China Mobile Payment held by Mr. Chan Foo Wing, the controlling shareholder of the Company, for a consideration of HK$3 million which was settled by way of cash funded through internal resources.

The acquisition was in line with management's existing strategy of building a trading business within the telecommunications industry in the PRC to provide the Group with a stable stream of recurring income. The Company had commenced the trading of hi-tech hardware and equipment in the fourth quarter of 2012. Albeit being a late comer, initially we were confident that it was possible to create and build our own trading business from scratch. However, market changed when we realized how difficult it is to receive an invitation from any of the PRC's third largest telecommunication operators to submit bids for supply contracts. This is because of their prevailing purchasing policy to centralize all major equipment or material purchases, and the fact that, all of them already have their own approved list of vendors.

Such vendors were historically chosen and are likely to be predicated on their attributes of competency, capability, level of performance quality and financial assurance, among others. Furthermore, it became increasingly the norm for the industry that only companies possessing the relevant prerequisites and proven track records are invited to submit bids. With hindsight, the management had ultimately decided that in order to achieve this objective, it was clearly more cost effective and time efficient to simply acquire an experienced company who has already been operating within the industry for many years.

During the year, the market was crowded with a significant increase in E-PON equipment and G-PON equipment suppliers which increased competition. China Mobile Payment had been principally engaged in the trading of E-PON equipment and G-PON equipment. The number of E-PON equipment being traded and invoiced by the China Mobile Payment had only marginally increased year-on-year, but total volume of sales had fallen by more than 20.58% with the average price of each E-PON equipment unit also proportionately falling by approximately 20.76%. Likewise, although we managed to increase the number of G-PON equipment being traded and invoiced by more than 256%, the average price for each G-PON equipment unit had fallen by approximately 23.91%, similar to the fall of the unit price of E-PON equipment.

After having taken over the helm at China Mobile Payment, the Company managed to total invoiced turnover of China Mobile Payment by approximately 21.32% year-on-year when compared with its results during the corresponding period last year. However, overall, China Mobile Payment's full year operating results were at best, lackluster. It was however deemed acceptable in light of the increased competition and unprecedented challenges which have occurred in 2015. Moving ahead in 2016/2017, management will continue to work with China Mobile Payment to improve its operating performance by better managing its operating expenses.

When management steered the Company to focus on the telecommunications industry in the PRC market, we were confident that we would be able to capture new opportunities with strong growth potential and develop them into new growth drivers for the Group. One idea was to create online platforms for the distribution of mobile application products and value-added services. We believed that we can leverage off of our strengths in business and product development to set up joint ventures with multinational companies to introduce and procure mobile application products and services. With this mindset, we had aligned ourselves with a number of the PRC's large enterprises in the telecommunications and multimedia industry. We executed strategic link-up agreements whereby the parties concerned in each of the agreements would work together to explore, formulate, and develop new businesses for our mutual benefit.

We had a relatively good start. However, the tailwinds and negative effects of global economic conditions continued to have a strong and adverse impact on the overall business and operating environment in the PRC. In general, sentiments and momentum remained positive, but slower macro-economic growth for the PRC market is inevitably expected. Moreover, greater and more complex competition have made the telecommunications industry significantly more challenging. To our detriment, over the course of time, many of our existing business partners have either decided or started to examine or reformulate existing business goals and objectives. They began to adopt or have adopted different implementation approaches or strategies. In some cases, some of our business partners have even decided to temporarily or permanently shelved their plans.

In the area of software development, in 2012, the Company's foray into the PRC market started by teaming up with ChinaSoft International Limited (中軟國際有限公司) (stock code: 354) ("**ChinaSoft**") and submitted a tender for specific parts of the wireless city project (無線城市項目) ("**Wireless City Project**"), China Mobile Limited (stock code: 941) ("**China Mobile**") sponsored project. China Mobile had aspired to develop and construct a wireless infrastructure network capable of offering everyone in PRC cities free Wi-Fi access. However, after China Mobile Group Guangdong Company Limited, a subsidiary of China Mobile, had broken ground and solicited bids for construction of the initial phase of the network infrastructure, for one reason or another, China Mobile had subsequently decided that the overall planning of the Wireless City Project at the group/country level may have been too ambitious. They have ultimately decided that the wireless city network infrastructure platform in each province should be built individually. As such, the responsibility and opportunity of this task were delegated to their individual provincial subsidiaries. In the aftermath, the Company felt it would be too onerous to work with so many subsidiaries of China Mobile as we are not set up with the necessary human resources.

In a similar situation, in 2014, the Company had partnered with ChinaSoft and submitted a tender for contracted work relating to repair and maintenance, and operations of China Mobile's Fetion (飛信) platform ("**Fetion**") and its related social products and services offering, and to construct phase I of China Mobile's version of a unified payment system platform. Again, China Mobile subsequently had examined their business approach for Fetion as well as how to establish the unified payment system platform. Prior to this project being re-directed, the Company had received a total of RMB15 million (equivalent to approximately HK$18.75 million) for repair and maintenance services rendered.

With prior experience, in 2015, the Company quickly moved on to work directly with 中國移動(深圳)有限公司 (China Mobile (Shenzhen) Company Limited*) ("**China Mobile Shenzhen**") to assist them with developing and constructing a unified payment system platform as well as a monitoring and management system. As of date, the initial phase of the unified payment system platform has been built for a contracted amount of approximately RMB1.67 million (equivalent to approximately HK$2.00 million) while the monitoring and management system is still under construction with phase I & II having been completed for a contracted amount of approximately RMB4.12 million (equivalent to approximately HK$4.94 million).

For the purpose of business development, in 2014, the Company entered into an agency framework agreement (the "**Agreement**") with Aspire Information Technologies (Beijing) Co., Ltd. (卓望信息技術(北京)有限公司) ("**Aspire**"). 廣州韻博信息科技有限公司 (Guangzhou YBDS IT Co., Ltd.*) ("**Guangzhou YBDS**"), a wholly owned subsidiary of the Company, was appointed as Aspire's agent, on a non-exclusive basis, to promote and distribute Aspire's unified communications businesses, 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 for a term of one year. The term of the Agreement automatically renews for another one year upon expiry until either party terminates the Agreement. The link up with Aspire marks a milestone in the Company's history. As of date, the Company continues to be in an open and ongoing dialogue with Aspire to develop and provide new products and services to existing and potential upstream and downstream partners within the industry.

In the area of e-commerce, in 2014, the Group had entered into a letter of intent with 中國石油天然氣股份有限公司銷售分公司 (PetroChina Trading Company Limited*) and 天翼電子商務有限公司 (China Telecom Bestpay E-commerce Ltd.*) ("**CT E-commerce**"). Pursuant to such letter of intent, the parties agreed to fully cooperate with each other to jointly market the business of payment clearing and recharge of prepaid petrol cards, and promote its development to enhance products competitiveness and enrich their services to customers. CT E-commerce, through their 翼支付 ("**Bestpay**") platform, will provide clearance services for non-cash payments to enable customers of PetroChina Company Limited ("**PetroChina**") to pay for the purchase of petroleum through prepaid cards via PetroChina's sales network.

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

This tri-party letter of intent had represented one of the more promising business opportunities for the Group. However, PetroChina subsequently halted the project due to internal reasons. In 2015, the Company went on to provide technical advisory services for 中石油西部管道公司 (PetroChina Western Pipe Company*), a PetroChina subsidiary.

On a more positive note, based on the premise of the above-mentioned letter of intent, the Company was able to enter into a cooperation agreement with various parties including 天翼電子商務有限公司上海分公司 (Shanghai China Telecom Bestpay E-commerce Ltd.*) ("**Shanghai CT E-commerce**") in March 2016. Similar to the underlying business principles in the above-mentioned letter of intent, as of 31 May 2016, the Company has already completed the installation of POS terminals in certain retail locations network.

In the area of multimedia, the Company had entered into a strategic cooperation agreement with BesTV New Media Co., Ltd. ("**BesTV**"), a new media corporation controlled by Radio and Television Shanghai and Shanghai Media Group ("**RTSSM**") and its shares are listed on The Shanghai Stock Exchange (stock code: 600637), to collaborate on exploring and developing new media technology and contents on internet protocol television ("**IPTV**"), mobile TV, internet TV, mobile internet, multimedia stage design and production, and digital media platform research and development, offering such products and services via smart phones, PCs, televisions and tablets. However, shortly after having signed the strategic cooperation agreement, BesTV and RTSSM both underwent a senior management re-shuffle. In addition, BesTV was merged with the Shanghai Oriental Pearl (Group) Co., Ltd ("**Shanghai Oriental Pearl Group**") in 2015 and then renamed as Shanghai Oriental Pearl Media Co., Ltd ("**Shanghai Oriental Pearl**"). Moreover, the PRC law pertaining to the operation of IPTV network services inter-provincially changed, making it very difficult for the Company to further pursue any business opportunities with Shanghai Oriental Pearl. The Company has decided to re-visit this opportunity at a later time when circumstances are more conducive for a mutually beneficial cooperation.

Also in 2014, the Company, China National Travel Service (HK) Group Corporation (中國港中旅集團公司) ("**CTS Group**") and China Telecommunications Corporation (中國電信集團公司) have entered into a strategic cooperation agreement. Pursuant to such agreement, the parties agreed to cooperate in tourism, hotels, ticketing, mobile payment and other areas within the business scope of the CTS Group. The Company had made some initial progress on our further cooperation via the CTS Group's Mangocity network. However, after an internal review, for one reason or another, the CTS Group had decided not to proceed. Since then there has been no further discussion.

Additionally, in 2014, the Company have entered into a strategic cooperative agreement with China Vanguard Corporate Management Limited (眾彩企業管理有限公司) ("**CVCM**"), a wholly owned subsidiary of China Vanguard Group Limited (眾彩科技股份有限公司) ("**CVG**") (stock code: 8156). The parties concerned agreed to make use of their capability in software and hardware development to connect and integrate POS terminals so that all CVG's lottery distribution points will be equipped with the Group' non-cash online and offline payment system, including those on CT E-commerce's Bestpay platform and other non-cash payment methods, such as mobile payment, contactless payment, the debit cards issued by China UnionPay (中國銀聯) and other financial institutions. However, on 3 April 2015, the Ministry of Finance (中華人民共和國財政部), Ministry of Public Security (中華人民共和國公安部) and six other ministries of the PRC in a joint statement announced to reconfirm that internet lottery sales is strictly prohibited without prior written approval from the relevant authorities. Since then the Company has halted all discussions in relation to this commercial opportunity.

And finally, the Group's system integration services and other value-added technical consultation services and hardware-related business in Hong Kong has continued to be principally facilitated by Norray Professional Computer Limited ("**Norray**"), an indirect non wholly-owned subsidiary of the Company. During the year, Norray had generated revenues of approximately HK$10,366,000 and incurred loss from operations of approximately HK$882,000. Given the size of their operations, continuing loss, and the non-core nature of their business, the Company has been considering disposing the Group's entire shareholding interest in Norray at an appropriate time.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

(i) approximately HK$30,000,000 will be used to pay up the remaining registered capital of Guangzhou YBDS and 北京韻博港信息科技有限公司 (Beijing YBDS IT Co., Ltd.*) ("**Beijing YBDS**");

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

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

The Company had previously applied approximately HK$9,400,000 (or approximately RMB7,350,000) and approximately HK$5,500,000 (or approximately RMB4,330,000) of the proceeds to pay up the remaining initial registered capital of RMB20,000,000 and increased registered capital of RMB20,000,000 of Guangzhou YBDS, respectively. During the year ended 31 March 2015, the Company had applied approximately HK$19,785,000 (or approximately RMB15,670,000) of the proceeds to pay up the outstanding remaining increased registered capital of Guangzhou YBDS.

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

Given the Company has acquired China Mobile Payment on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bids submission, this corporate action is no longer deemed to be necessary. The Company has already commenced the process of deregistration of Beijing YBDS. De-registration has entered into the final stage and is pending for the approval of PRC authority.

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

FINANCIAL REVIEW

For the year ended 31 March 2016, the Group recorded revenue of approximately HK$326,982,000, representing an increase of approximately 100% when compared with the last corresponding year. The significant increase in revenue was principally due to having consolidated the operating performance of China Mobile Payment which resulted in a significant increase in business volume in the trading of G-PON equipment and E-PON equipment in which the Group having generated revenue approximately HK$311,692,000 during the year. Loss attributable to owners of the Company for the year ended 31 March 2016 was approximately HK$4,253,000 as compared to a loss of approximately HK$2,819,000 for the year ended 31 March 2015.

SEGMENTAL INFORMATION

Business segments

During the year under review, when compared with the last corresponding year, revenue generated from hardware sales increased by approximately 120%, revenue from maintenance services increased by approximately 69% while revenue from consultancy services decreased by approximately 71%. Additionally, revenue from software sales increased by approximately 15% when compared with the last corresponding year.

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 3% of the total revenue (2015: 15%).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2016, the shareholders' funds of the Group amounted to approximately HK$112,629,000. Current assets were approximately HK$391,065,000, mainly comprising cash and cash equivalents of approximately HK$149,754,000 and trade and other receivables of approximately HK$161,812,000. Current liabilities mainly comprised trade and other payables of approximately HK$266,386,000. The net asset value per share was approximately HK$0.096. The Group's gearing ratio, expressed as a percentage of bank borrowings and long-term debts over total equity, was nil. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 1.46:1 (as at 31 March 2015: 1.72:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For the year ended 31 March 2016, 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 2016, the Group had operating lease commitments in respect of rented premises and equipment of approximately HK$2,767,000 (2015: HK$6,485,000). As at 31 March 2016 and 2015, the Group had no significant capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2016 and 2015, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2016 and 2015, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had 114 employees (including 7 Directors) (2015: 116 employees (including 10 Directors)). The total remuneration paid to employees, including Directors, for the year ended 31 March 2016 was approximately HK$23,227,000 (2015: HK$14,719,000). 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. We also subsidize our employees for pursuing further studies in related fields.

SIGNIFICANT INVESTMENTS

For the year ended 31 March 2016, the Group had no significant investment.

FUTURE PROSPECTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

It was unfortunate that China Mobile had a change of heart with offering payment services through Fetion under a unified payment system platform. However, the Company has learned how to deal with these circumstances under these volatile and challenging times. As a result, the Company is now directly working with China Mobile Shenzhen to assist them on developing and constructing a unified payment system platform as well as a monitoring and management system. Thus far, for this project, we have already completed the initial phase of the unified payment system platform as well as phases I & II of the monitoring and management system.

Once the unified payment system platform is completed and successfully implemented, the management believes it is possible for us to replicate this model and sell it to other units and/or subsidiaries of China Mobile. Moreover, we would proceed to induce large enterprises and multinational companies within the PRC, such as China Telecommunications Corporation, or the now developing POS terminal payment network, to join in the development and promotion the widespread use of this platform.

The Company and Aspire remain highly committed to work together in a manner that is mutually beneficial to both parties under the Agreement. We continue to be in close contact with Aspire with ongoing dialogue on developing a proposed form of joint cooperation. Management is confident that these discussions will come to fruition in the near term.

In 2015, the Company is now working with Shanghai CT E-commerce on the development and construction of the e-commerce network platform of payment clearance and POS installation and its promotion to enhance products competitiveness and enrichment of services to customers. As of 31 May 2016, the Company has already completed the installation of POS terminals over 120 POS terminals in certain retail locations under one network.

Shanghai CT E-commerce, through their Bestpay platform, has committed to provide clearing services for non-cash payments under the new platform currently under development. Over the course of time as the project develops and matures, we strongly believe that this project will bring in other business opportunities for the Group to participate in, such as additional installation of POS terminals in other retail locations within the network in the PRC, revenue sharing arrangement, and technical advisory services, among others. From management's perspective, the opportunity at hand is quite promising and has great potential.

The Directors believe that the mobile phone has become the ultimate terminal for consumer mobile applications globally. Our continuing, ongoing and existing business development on the unified payment system platform in various projects and our excellent business relationships with major key players within the telecommunications industry will create synergy and enhance cooperation amongst the parties concerned to provide consumer-friendly payment services using the mobile phone as a terminal for mobile applications in business, entertainment, work and in daily life. Irrespective of the transaction amounts involved, the cooperation serves as a stepping stone to expand our coverage for online and offline payment services, which is in line with the Group's strategy of designing, developing, manufacturing and operating leading products for mobile networks as well as online and offline payment services, and is expected to generate further revenue for the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions ("**Code Provisions**") set out in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the Code Provisions set out in the Code throughout the year ended 31 March 2016 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 Xiaoqi and Mr. Yau Hoi Kin are focused on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. Hence, a new chairman and chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2016.

AUDIT COMMITTEE

The Audit Committee was established in May 2000, and the Company had adopted a revised specific terms of reference as of 31 December 2015 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules.

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

The primary duties of the Audit Committee are to review the Group's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and cash flow forecast.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2016 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 2016 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 2016 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, 17 June 2016

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

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

* *For identification purposes only*