



**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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This announcement, for which the directors (the “**Directors**”) of Yunbo Digital Synergy Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (“**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the “**Board**”) of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2017 together with the comparative figures for the corresponding period in 2016 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2017

	Note	Three months ended		Six months ended	
		30 September 2017	2016	30 September 2017	2016
		HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>					
Revenue	4	<b>3,342</b>	9,479	<b>5,357</b>	15,846
Cost of sales and services		<b>(718)</b>	(5,320)	<b>(2,261)</b>	(11,339)
<b>Gross profit</b>		<b>2,624</b>	4,159	<b>3,096</b>	4,507
Other income		<b>319</b>	543	<b>2,282</b>	1,011
Distribution costs		<b>(1,498)</b>	(3,261)	<b>(2,396)</b>	(5,950)
Administrative expenses		<b>(5,993)</b>	(6,145)	<b>(10,499)</b>	(13,823)
<b>Loss before income tax</b>	5	<b>(4,548)</b>	(4,704)	<b>(7,517)</b>	(14,255)
Income tax expense	6	<b>(29)</b>	(623)	<b>(16)</b>	(1,259)
<b>Loss for the period from continuing operations</b>		<b>(4,577)</b>	(5,327)	<b>(7,533)</b>	(15,514)
<b>Discontinued operations, net of tax</b>	7	-	(131)	-	(48)
<b>Loss for the period</b>		<b>(4,577)</b>	(5,458)	<b>(7,533)</b>	(15,562)

	Note	Three months ended		Six months ended	
		30 September		30 September	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
			(restated)		(restated)
<b>Loss for the period attributable to:</b>					
Owners of the Company		<b>(2,213)</b>	(3,044)	<b>(5,355)</b>	(10,770)
Non-controlling interests		<b>(2,364)</b>	(2,414)	<b>(2,178)</b>	(4,792)
		<b>(4,577)</b>	(5,458)	<b>(7,533)</b>	(15,562)
<b>Loss for the period attributable to owners of the Company arises from</b>					
Continuing operations		<b>(2,213)</b>	(2,952)	<b>(5,355)</b>	(10,736)
Discontinued operations		-	(92)	-	(34)
		<b>(2,213)</b>	(3,044)	<b>(5,355)</b>	(10,770)
<b>Loss per share attributable to the owners of the Company</b>					
<b>Basic loss per share: (HK cents)</b>					
From continuing operations	8	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)
From discontinued operations	8	-	-	-	-
<b>From loss of the period</b>	8	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)
<b>Diluted loss per share: (HK cents)</b>					
From continuing operations	8	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)
From discontinued operations	8	-	-	-	-
<b>From loss of the period</b>	8	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
<b>(Loss)/profit for the period</b>	<b>(4,577)</b>	(5,458)	<b>(7,533)</b>	(15,562)
<b>Other comprehensive income/(expense)</b>				
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss	<b>388</b>	(333)	<b>847</b>	(2,577)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>388</b>	(333)	<b>847</b>	(2,577)
<b>Total comprehensive expense for the period, net of tax</b>	<b>(4,189)</b>	(5,791)	<b>(6,686)</b>	(18,139)
<b>Total comprehensive expense for the period attributable to:</b>				
Owners of the Company	<b>(1,601)</b>	(3,323)	<b>(4,087)</b>	(12,868)
Non-controlling interests	<b>(2,588)</b>	(2,468)	<b>(2,599)</b>	(5,271)
	<b>(4,189)</b>	(5,791)	<b>(6,686)</b>	(18,139)
<b>Total comprehensive expense for the period attributable to owners of the Company arises from</b>				
Continuing operations	<b>(1,601)</b>	(3,231)	<b>(4,087)</b>	(12,834)
Discontinued operations	-	(92)	-	(34)
	<b>(1,601)</b>	(3,323)	<b>(4,087)</b>	(12,868)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,883</b>	2,383
Intangible assets		<b>393</b>	394
		<b>2,276</b>	2,777
<b>Current assets</b>			
Trade and other receivables	10	<b>35,945</b>	20,444
Financial assets designated at fair value through profit or loss	11	<b>32,863</b>	40,590
Cash and cash equivalents		<b>111,567</b>	124,897
Restricted Cash		<b>4,870</b>	4,925
		<b>185,245</b>	190,856
<b>Current liabilities</b>			
Trade and other payables	12	<b>132,627</b>	131,693
Tax payable		<b>970</b>	1,330
		<b>133,597</b>	133,023
<b>Net current assets</b>		<b>51,648</b>	57,833
<b>Total assets less current liabilities</b>		<b>53,924</b>	60,610
<b>Net assets</b>		<b>53,924</b>	60,610
<b>Equity</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	13	<b>135,625</b>	135,625
Reserves		<b>(70,013)</b>	(65,926)
		<b>65,612</b>	69,699
<b>Non-controlling interests</b>		<b>(11,688)</b>	(9,089)
<b>Total equity</b>		<b>53,924</b>	60,610

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(22,831)</b>	7,150
<b>Investing activities</b>		
Cash paid for acquisition of financial assets designated at fair value through profit or loss	<b>(115,320)</b>	(291,216)
Cash received from redemption of financial assets designated at fair value through profit or loss	<b>124,546</b>	266,602
Interest received	<b>896</b>	951
Purchase of property, plant and equipment	–	(380)
<b>Net cash generated from/(used in) investing activities</b>	<b>10,122</b>	(24,043)
<i>Net decrease in cash and cash equivalents</i>	<b>(12,709)</b>	(16,893)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>124,897</b>	149,754
Effect on foreign exchange rate changes, on cash held	<b>(621)</b>	(5,832)
<b>Cash and cash equivalents at the end of the period, represented by cash at banks and in hand</b>	<b>111,567</b>	127,029

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to the owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Warrant reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
As at 1 April 2016	135,625	99,935	900	(2,377)	(121,454)	112,629	18,160	130,789
<b>Comprehensive expense</b>								
Loss for the period	-	-	-	-	(10,770)	(10,770)	(4,792)	(15,562)
<b>Other comprehensive expense</b>								
Exchange differences arising on translation of foreign operations	-	-	-	(2,098)	-	(2,098)	(479)	(2,577)
<b>Total comprehensive expense</b>	-	-	-	(2,098)	(10,770)	(12,868)	(5,271)	(18,139)
<b>As at 30 September 2016</b>	<b>135,625</b>	<b>99,935</b>	<b>900</b>	<b>(4,475)</b>	<b>(132,224)</b>	<b>99,761</b>	<b>12,889</b>	<b>112,650</b>
As at 1 April 2017	135,625	99,935	900	(5,701)	(161,060)	69,699	(9,089)	60,610
<b>Comprehensive expense</b>								
Loss for the period	-	-	-	-	(5,355)	(5,355)	(2,178)	(7,533)
<b>Other comprehensive income/ (expense)</b>								
Exchange differences arising on translation of foreign operations	-	-	-	1,268	-	1,268	(421)	847
<b>Total comprehensive income/ (expense)</b>	-	-	-	1,268	(5,355)	(4,087)	(2,599)	(6,686)
Release upon expiry of warrants	-	-	(900)	-	900	-	-	-
<b>As at 30 September 2017</b>	<b>135,625</b>	<b>99,935</b>	<b>-</b>	<b>(4,433)</b>	<b>(165,515)</b>	<b>65,612</b>	<b>(11,688)</b>	<b>53,924</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 1. GENERAL INFORMATION

Yunbo Digital Synergy Group Limited (the “**Company**”) (together its subsidiaries, the “**Group**”) 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 Royal Bank House, 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands. The Company’s principal place of business is situated at Unit 1201-5, China Resources Building, No. 26 Harbour 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 Group is 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 is incorporated in the British Virgin Islands.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 (the “**Condensed Financial Report**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”).



The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2017 (the “**2017 Annual Financial Statements**”). The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2017 Annual Financial Statements, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2017. Details of these changes in accounting policies are set out in note 3.

The preparation of the Condensed Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Condensed Financial Report has been prepared under the historical cost convention, except for financial instruments classified as financial assets designated at fair value through profit or loss which are stated at fair values. The Condensed Financial Report is presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company and all values are rounded to the nearest thousands (“**HK\$’000**”) unless otherwise stated.

### **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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses

The adoption of the amendments to HKFRSs has no material effect on the financial position or performance of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of returns and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from the sale of hardware products is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed.

Maintenance and consultancy service income is recognised over the life of the agreement on a straight-line basis. The unearned portion of the maintenance service income received is accounted for as deferred income included under other payables in the condensed consolidated statement of financial position.

Interest income is recognised on an accrual basis using the effective interest method.

All significant transactions amongst the companies comprising the Group have been eliminated on consolidation. Revenue recognised by segments during the period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited) (restated)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>				
<b>Revenue:</b>				
Hardware	33	7,257	2,048	12,533
Services	3,309	2,222	3,309	3,313
	<b>3,342</b>	<b>9,479</b>	<b>5,357</b>	<b>15,846</b>

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. As disclosed in the annual report dated 16 June 2017, on 14 November 2016, software segment was disposed at management’s decision and there are two segments (i.e. hardware and service segments) as at 30 September 2017.

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.

	Hardware		Services		Total	
	Six months ended 30 September 2017		Six months ended 30 September 2016		Six months ended 30 September 2016	
	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>						
Reportable segment revenue:						
<b>From external customers</b>	<b>2,048</b>	12,533	<b>3,309</b>	3,313	<b>5,357</b>	15,846
<b>Reportable segment (loss)/profit</b>	<b>(3,687)</b>	(8,680)	<b>(1,980)</b>	954	<b>(5,667)</b>	(7,726)

	Hardware		Services		Total	
	Three months ended 30 September 2017		Three months ended 30 September 2016		Three months ended 30 September 2016	
	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>						
Reportable segment revenue:						
<b>From external customers</b>	<b>33</b>	7,257	<b>3,309</b>	2,222	<b>3,342</b>	9,479
<b>Reportable segment (loss)/profit</b>	<b>(953)</b>	(2,995)	<b>(1,756)</b>	1,674	<b>(2,709)</b>	(1,321)

	Hardware		Services		Total	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (audited)
<b>Reportable segment assets</b>	<b>16,721</b>	18,445	<b>393</b>	394	<b>17,114</b>	18,839
<b>Reportable segment liabilities</b>	<b>108,202</b>	100,823	<b>3,052</b>	4,000	<b>111,254</b>	104,823

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the Condensed Financial Report as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
<b>Continuing operations</b>				
Reportable segment loss	(2,709)	(1,321)	(5,667)	(7,726)
Depreciation	(289)	(240)	(571)	(497)
Unallocated corporate expenses*	(1,869)	(3,685)	(3,561)	(7,043)
Unallocated corporate income	319	542	2,282	1,011
Loss before income tax	(4,548)	(4,704)	(7,517)	(14,255)

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

	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Total segment assets	17,114	18,839
Unallocated assets*	176,016	174,794
Total assets per condensed consolidated statement of financial position	193,130	193,633
Total segment liabilities	111,254	104,823
Unallocated liabilities*	27,952	28,200
Total liabilities per condensed consolidated statement of financial position	139,206	133,023

\* 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, accruals and tax payable.

## 5. LOSS BEFORE INCOME TAX

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

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
<b>Continuing operations</b>				
Cost of inventories sold	84	5,283	1,448	10,815
Depreciation of property, plant and equipment	289	239	571	494
Employee benefit expense	2,082	4,850	4,491	9,889
Net foreign exchange loss/(gain)	93	(770)	203	(321)
Operating lease charges in respect of rented premises	44	1,051	213	1,928

## 6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the six months and three months ended 30 September 2017 and 2016 as the Group had incurred losses for taxation purpose. The PRC enterprise income tax has been provided at the rate of 25% (six months and three months ended 30 September 2016: 25%) on the estimated assessable profit for the six months and three months ended 30 September 2017.

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
<b>Continuing operations</b>				
<b>PRC enterprise income tax</b>				
Current period	19	623	19	1,259
Under provision/(overprovision) in respect of prior years	10	–	(3)	–
Income tax expense	29	623	16	1,259

Deferred tax has not been provided for the Group because the Group had no material temporary differences at the reporting date (30 September 2016: Nil).

## 7. DISCONTINUED OPERATIONS

As disclosed in the annual report dated 16 June 2017, on 14 November 2016, the Group disposed of its entire 100% equity interests in the Joy Epoch Limited together with its subsidiary (Norray Professional Computer Limited) (70% equity interest held by Joy Epoch Limited) for a cash consideration of HK\$100. Therefore the results of Joy Epoch Limited together with its subsidiary (Norray Professional Computer Limited) are separately disclosed under “discontinued operations”.

Analysis of the result of discontinued operations for the six months ended 30 September 2016 is as follows:

	Six months ended 30 September 2016 HK\$'000 (unaudited)
Revenue	4,812
Expenses	(4,860)
Loss before tax of discontinued operations	(48)
Income tax expense	–
Loss after tax of discontinued operations	(48)
Loss for the period from discontinued operations attributable	
– Owners of the parent	(34)
– Non-controlling interests	(14)
	(48)
<b>Cash flows</b>	
Operating cash flows	107
Investment cash flows	–
Financing cash flows	–
Total cash flows	107

## 8. LOSS PER SHARE

Basic loss per share (from continuing operations) for the three months and six months ended 30 September 2017 is calculated by dividing the loss attributable to owners of the Company for the period of HK\$2,213,000 and HK\$5,355,000 respectively (three months and six months ended 30 September 2016: loss of HK\$2,952,000 and HK\$10,736,000 respectively) by the weighted average number of 1,356,250,000 (three months and six months ended 30 September 2016: weighted average number of 1,356,250,000) ordinary shares in issue during the period.

Diluted loss per share for the three months and six months ended 2017 and 2016 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:

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited) (restated)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited) (restated)
Loss attributable to owners of the Company (HK\$'000) (From continuing operations)	<b>(2,213)</b>	(2,952)	<b>(5,355)</b>	(10,736)
Loss attributable to owners of the Company (HK\$'000) (From continuing and discontinued operations)	<b>(2,213)</b>	(3,044)	<b>(5,355)</b>	(10,770)
Weighted average number of ordinary shares in issue during the period (in thousands)	<b>1,356,250</b>	1,356,250	<b>1,356,250</b>	1,356,250
	<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Basic loss per share</b>				
from continuing operations	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)
from discontinued operations	-	-	-	-
	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)
<b>Diluted loss per share</b>				
from continuing operations	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)
from discontinued operations	-	-	-	-
	<b>(0.16)</b>	(0.22)	<b>(0.39)</b>	(0.79)

## 9. DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
Trade receivables (Note a)	<b>10,963</b>	18,445
Prepayments, deposits and other receivables	<b>24,982</b>	1,999
	<b>35,945</b>	20,444

Note a: The credit period granted by the Group to its customers generally ranged from 0 to 120 days. As at 30 September 2017 and 31 March 2017, the ageing analysis of the Group's trade receivables (net of provision for impaired receivables) based on invoice date is as follows:

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
0–30 days	<b>1,529</b>	364
31–60 days	<b>59</b>	22
61–90 days	<b>1,239</b>	215
91–180 days	<b>714</b>	7,864
181–365 days	<b>422</b>	460
Over 365 days	<b>7,000</b>	9,520
	<b>10,963</b>	18,445

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



## 11. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
Wealth management products	<b>32,863</b>	40,590

As at 30 September 2017, the Group had short term investments linked wealth management products that were denominated in RMB28,000,000 (equivalent to HK\$32,863,000) (At 31 March 2017: RMB36,000,000 (equivalent to HK\$40,590,000)) with a bank.

Interest rates of the wealth management products vary depending on the return rate of the relevant short term bonds, money market investment fund and bank deposits.

Wealth management products are carried at fair value and their dealing price is derived from net asset values of the investment funds with reference to observable quoted price of underlying investment portfolio in active markets and inputs other than quoted market price for respective wealth management products (note 14.1).

## 12. TRADE AND OTHER PAYABLES

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
Trade payables (Note a)	<b>101,178</b>	100,407
Other payables and accruals (Note c)	<b>26,981</b>	26,868
Sales deposits received (Note b)	<b>4,468</b>	4,418
	<b>132,627</b>	131,693

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

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
0-30 days	<b>319</b>	-
31-60 days	-	-
61-90 days	<b>698</b>	-
91-180 days	-	9,537
181-365 days	<b>46</b>	19,541
Over 365 days	<b>100,115</b>	71,329
	<b>101,178</b>	100,407

Note b: As at 30 September 2017, sales deposits of HK\$4.5 million (At 31 March 2017: HK\$4.4 million) was received from customers of which the transaction had not yet completed.

Note c: As at 30 September 2017 and 31 March 2017, other payables were mainly the cash advances which were are unsecured, interest free and repayable within one year.

The carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair values.

## 13. SHARE CAPITAL

	<b>Authorised Ordinary shares of HK\$0.10 each</b>	
	<b>Number of shares (in thousands)</b>	<b>HK\$'000 (unaudited)</b>
As at 31 March 2017 and 30 September 2017	<b>2,000,000</b>	<b>200,000</b>

  

	<b>Issued and fully paid Ordinary shares of HK\$0.10 each</b>	
	<b>Number of shares (in thousands)</b>	<b>HK\$'000 (unaudited)</b>
As at 1 April 2016, 31 March 2017 and 30 September 2017	<b>1,356,250</b>	<b>135,625</b>

Note: 30,000,000 warrants issued on 4 June 2012 and 60,000,000 warrants issued on 26 July 2012 have initial subscription prices of HK\$0.185 per share and HK\$0.141 per share respectively for one ordinary share of the Company exercisable for a period of five years. As at 31 March 2017, 90,000,000 warrants remained unexercised. 30,000,000 warrants have expired on 4 June 2017 and 60,000,000 warrants have expired on 26 July 2017.

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### 14.1 Financial assets and liabilities measured at fair value

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	<b>Level 2</b>	
	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
<hr/>		
<b>Assets</b>		
Wealth management products	<b>32,863</b>	40,590
<hr/>		

Wealth management products are derived from net asset values of the investment funds with reference to observable quoted price of underlying investment portfolio in active markets.

#### **14.2 Fair value of financial assets and liabilities carried at other than fair value**

The carrying amounts of the financial instruments carried at amortised cost are not materially different from their fair values as at 30 September 2017 and 31 March 2017.

## 15. OPERATING LEASE COMMITMENTS

At the reporting dates, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are as follows:

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
Within one year	<b>105</b>	184
In the second to fifth year inclusive	–	–
	<b>105</b>	184

The Group leases a number of premises and equipment under operating leases. The leases run for an initial period of one to five years, with an option to renew the leases and renegotiate the terms at the expiry date.

## 16. MATERIAL RELATED PARTY TRANSACTION

The Group had no significant transactions with related parties during the reporting period (six months ended 30 September 2016: Nil).

The remuneration of key management personnel for the six months ended 30 September 2017 amounted to HK\$1,027,000 (six months ended 30 September 2016: HK\$3,019,000).

As at 30 September 2017, amount due to a substantial shareholder approximately HK\$194,000 and amount due to a director approximately RMB2,498,000 (equivalent to approximately HK\$2,932,000). These balances are unsecured, interest-free and repayable on demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

During the six months ended 30 September 2017, the Company and its subsidiaries (collectively the “**Group**”) recorded revenue (from continuing operation) of approximately HK\$5,357,000, representing a decrease of approximately 66% when compared with the corresponding period last year of approximately HK\$15,846,000.

Loss before income tax (from continuing operation) of the Group for the six months ended 30 September 2017 was approximately HK\$7,517,000, compared with loss before income tax of approximately HK\$14,255,000 for the corresponding period last year. Loss attributable to owners of the Company (including continuing and discontinued operations) for the six months ended 30 September 2017 was approximately HK\$5,355,000 when compared with loss attributable to owners of the Company of approximately HK\$10,770,000 for the corresponding period last year.

### Business review

For the past six months ended 30 September 2017 (the “**Period**”), the Group’s performance maintained stable. The turnover for the Period recorded a decrease of 66% to approximately HK\$5,357,000. Loss attributable to owners of the Company for the Period (including continuing and discontinued operations) was recorded to be approximately HK\$5,355,000 compared to the loss of approximately HK\$10,770,000 for the six months ended 30 September 2016.

After a period of restructuring, the Ethernet-Passive Optical Network (“**E-PON**”) equipment and Gigabit-Passive Optical Network (“**G-PON**”) equipment business of the Group is revamping and the market is still congested with an explosive number of suppliers. The sale of E-PON equipment and G-PON equipment showed a turnover of approximately RMB1,776,000 (equivalent to approximately HK\$2,048,000) during the first quarter (from April to June 2017), attributable to issued invoice of previous orders.

In terms of the Group’s payment platform business, Guangzhou YBDS IT Co., Ltd.\* (“廣州韻博信息科技有限公司”) (“**Guangzhou YBDS**”), a wholly owned subsidiary of the Group, maintained its expansion step by continuously working on existing projects and received payment successively. In detail, the Group engaged in the repair and maintenance, and operations of China Mobile’s Fetion platform (“飛信”) and its related social products and services offering platform. The project received a partial payment of RMB1,127,000 (equivalent to approximately HK\$1,300,000) during the Period. The other payments received during the Period are attributable to the cooperation with China Mobile (Shenzhen) Co., Ltd.\* (“中國移動(深圳)有限公司”) (“**China Mobile Shenzhen**”).

We cooperated with China Mobile Shenzhen to develop and construct a unified payment system platform and the monitoring and management of such system. The monitoring and management of such system contributed to the overall turnover during the Period, with a phase I balance payment of RMB169,000 (equivalent to approximately HK\$195,000). For the unified payment system platform, the first three phases of the project were accomplished and the fourth phase is developing while the preliminary inspection payment for this phase was settled during the Period, with an income of RMB660,800 (equivalent to approximately HK\$762,000). The unified payment system platform enables users' mobile wallets to pay phone bills, credit points, gift cards, and other mobile payment. As a pivotal supplier of the payment system in the People's Republic of China ("**PRC**"), Guangzhou YBDS is planning to replicate the above-mentioned model and sell it to other units and/or subsidiaries of China Mobile Ltd. (stock code: 941) in 31 provinces within the PRC.

The Group has been working with Shanghai China Telecom Bestpay E-commerce Ltd.\* (天翼電子商務有限公司上海分公司) ("**Shanghai CT E-commerce**") on the development and construction of the e-commerce network platform of payment clearing and points-of-sale ("POS") terminal installation since 2015. Relying on the network of Bestpay (翼支付), the platform owned by Shanghai CT E-commerce, we contributed to the project of installing POS terminals in certain retail locations under a certain network in Beijing during the previous financial period. During the Period, this POS installation project has been expanded to other surrounding areas of Beijing.

## **PROSPECT**

In the coming quarters, the financial income from the projects of comprehensive payment system platform and Xinjiang smart traffic platform will be presented successively.

Specifically, Guangzhou YBDS cooperates in developing a comprehensive payment system platform within the business scope of commercial property development and the first phase will be settled and justified before March 2018. The payment for the phase will be settled after the justification is accomplished. The platform could enable the club members or users of the developer's commercial properties to digitise credit points, gift cards and coupons and other membership services so as to create a faster, smoother and more delightful shopping experience. After this platform is established, Guangzhou YBDS will contribute to extend the advantages of the China property developer in traditional real estate industry to the Internet, to create an e-commerce platform and to provide comprehensive user experiences to clients, to compliment with its offline development.

The installment payment from smart traffic platform project in Urumqi, Xinjiang Province, will be placed during current financial year and will contribute to overall financial turnover in year 2018-19.

The Company will put ceaseless efforts to build up an ecosystem composed of unified payment system platform of daily life, comprehensive payment system platform as well as the third-party connection system. We anticipate the three platforms can create synergy and enhance cooperation amongst the Group's projects to provide consumer-friendly payment services.

With an ever-increasing usage of mobile phones around the globe, the Group will continue to position its payment system platform as its core business with prominent development into diverse aspects. On 4 October 2017, Guangzhou YBDS entered into a capital increase agreement (the "**Capital Increase Agreement**") with Dynamic Telecom Ltd.\* ("動網電訊有限公司") ("**Dynamic Telecom**"), Shenzhen CITIC Cyber Security Authentication Co., Ltd.\* (深圳市中信網安認證有限公司) (formerly known as Shenzhen Quantum Certification Co., Ltd.\* (深圳市量子認證有限公司)) ("**Shenzhen CITIC**") and Shenzhen Anxin Certification System Co., Ltd.\* (深圳市安信認證系統有限公司) (formerly known as Shenzhen Qianhai YBDS IT Co., Ltd.\* (深圳市前海雲博信息科技有限公司)) ("**Shenzhen Anxin**"), to subscribe for the increased registered capital of Shenzhen Anxin for a total consideration of RMB25 million (equivalent to approximately HK\$29.4 million). On 2 November 2017, the above-mentioned parties entered into a supplemental agreement (the "**Supplemental Agreement**") with Shenzhen YBDS Information System Services Co., Ltd.\* (深圳雲博資訊系統服務有限公司) ("**Shenzhen YBDS**"), an indirect wholly-owned subsidiary of the Company, pursuant to which Guangzhou YBDS shall transfer all its equity interests in Shenzhen Anxin (representing 60% of its entire subscribed registered capital) to Shenzhen YBDS for a consideration of RMB1 (the "**Intra-group Transfer**"). The management believes that the Intra-group Transfer would optimise the Group's structure. The proceeds from the subscription will be used for the research and development of a largescale database system, system integration and other value-added technology services, and the development of a comprehensive payment system platform which are the core businesses of the Group. Therefore, the entering into of the Capital Increase Agreement and the Supplemental Agreement, and the bringing in of Dynamic Telecom and Shenzhen CITIC are the initial steps to expand the scale of production and to accelerate the pace of enterprise development.



The management will continue to weigh on the unified payment system platform to promote its development and enrich services to customers. The management will steer the Group to align with a batch of key players in the telecommunications and multimedia industry, especially state-owned enterprises and governmental institutions. The Group will maintain existing business blueprints while also pursuing potential resources to expand our coverage for online and offline payment services. We execute strategic link-up agreements whereby the parties concerned can work together to formulate new businesses for our mutual benefit.

## **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 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 Beijing YBDS IT Co., Ltd.\* (北京韻博港信息科技有限公司) (“**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. Deregistration 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.

As at 30 September 2017, the shareholders’ funds of the Group amounted to approximately HK\$65,612,000. Current assets of approximately HK\$185,245,000 were mainly comprised of cash and cash equivalents of approximately HK\$111,567,000, and trade and other receivables of approximately HK\$35,945,000. Current liabilities of approximately HK\$133,597,000 were mainly comprised of trade and other payables of approximately HK\$132,627,000. The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total equity. As at 30 September 2017, the Group did not have any borrowings or long-term debt. The liquidity ratio of the Group, represented by a ratio of current assets over current liabilities, was 1.39 (As at 31 March 2017: 1.43), reflecting the adequacy of financial resources.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in this announcement, the Group did not have material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2017.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATIONS**

Most of the transactions of the Group are denominated in Hong Kong Dollar (“**HKD**”) and Renminbi (“**RMB**”). The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 September 2017, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

## **OPERATING LEASE COMMITMENTS**

As at 30 September 2017, the Group had operating lease commitments of approximately HK\$105,000.

## **CAPITAL COMMITMENTS**

As at 30 September 2017, the contracted capital commitments of the Group were nil.

## **CONTINGENT LIABILITIES**

As at 30 September 2017, the Group had no material contingent liabilities.

## **CHARGES ON THE GROUP’S ASSETS**

As at 30 September 2017, the Group had no charges on the Group’s assets.

## **SEGMENT INFORMATION**

The analysis of the principal activities of the operations of the Group is set out in note 4 to the Condensed Financial Report.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2017, the Group had 50 employees (2016: 105 employees). The total remuneration paid to employees, including Directors, for the six months ended 30 September 2017 was approximately HK\$3,826,000 (2016: HK\$9,226,000). 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.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**

As at 30 September 2017, Mr. Wang Xiaoqi and Mr. Ho Yeung are interested in 382,000 and 18,083,500 ordinary shares of the Company, respectively, representing approximately 0.028% and 1.333% of the total number of ordinary shares of the Company, respectively. Saved as disclosed above, none of the other Directors or their respective associates and the chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 30 September 2017, so far as the Directors are aware of and having made due enquires, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of shareholder	Capacity	Number of issued ordinary shares held (Note 2)	Approximate percentage of issued share capital as at 30 September 2016 (Note 3)
Happy On (Note 1)	Beneficial owner	987,888,771 (L)	72.83%
Mr. Chan Foo Wing (" <b>Mr. Chan</b> ") (Note 1)	Interest in a controlled corporation	987,888,771 (L)	72.83%

Notes:

- As Mr. Chan is the ultimate beneficial owner and the sole director of Happy On, by virtue of the SFO, Mr. Chan is deemed to be interested in the 987,888,771 shares held by Happy On.
- "L" means long positions in the shares.
- Based on 1,356,250,000 shares of the Company in issue as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, so far as the Directors are aware of and having made due enquiries, there were no other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed above, at no time during the six months ended 30 September 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **OPTIONS TO SUBSCRIBE FOR SHARES IN THE COMPANY**

A share option scheme was adopted on 1 August 2011 by the shareholders of the Company under which the Directors may, at their discretion, grant options to themselves and any employees of the Group entitling them to subscribe for shares representing up to a maximum of 10 per cent of the shares in the Company in issue as at the date of approval of the share option scheme. The purpose of the share option scheme is to enable the Company to grant options to participants as incentives and rewards for their contribution to the Company or its subsidiaries.

No options were granted under the share option scheme since its adoption by the Company or outstanding, lapsed, cancelled or exercised at any time during the six months ended 30 September 2017.

## **PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2017.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the date of this announcement, none of the Directors, or the initial management shareholders or the substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competed with or might compete with any business of the Group and had or might have any other conflicts of interest with the Group.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 September 2017.

## **CORPORATE GOVERNANCE PRACTICES**

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 six months ended 30 September 2017 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 Period, the Board considered that under the current situations of close management of the Group and business scale, the possibility of actual litigation against the Directors is very low. The Company will consider reviewing various insurance cover proposals and will make such an arrangement as appropriate.

### **Code 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. Ho Yeung, Mr. Lam Chi Man and Mr. Wang Xiaoqi 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.

## **Code Provision C.2**

The Board has conducted a review of its risk management and internal control systems under Code Provision C2 of Appendix 15 of the GEM Listing Rule.

The Board has engaged independent consultants to execute the internal audit and risk management functions. The Board reviews risk management and internal control systems on an annual basis and when necessary.

A review of the effectiveness of the risk management and internal control systems has been conducted and the Company considers them effective and adequate during the Period.

However, an issue arose on 1 June 2017 when Mr. Ho Yeung ("**Mr. Ho**") was appointed as an executive Director, that the Company failed to maintain a sufficient public float of not less than 25% of the total issued share capital of the Company as required under the GEM Listing Rules due to inadvertent oversight. On 6 July 2017, Mr. Ho had completed the disposal of an aggregate of 25,618,000 ordinary shares of the Company, representing approximately 1.889% of the total issued share capital of the Company to an independent third party (the "**Disposal**"). Immediately upon completion of the Disposal, 349,895,729 ordinary shares of the Company, representing approximately 25.799% of the total issued share capital of the Company, were held by the public. Accordingly, the minimum public float of 25% of the total issued share capital of the Company as required under Rule 11.23(7) of the GEM Listing Rules has been restored. For details, please refer to the announcements of the Company dated 1 June 2017, 13 June 2017 and 10 July 2017.

The management of the Company will take measures to prevent similar incident from occurring in the future by taking active steps to observe the public float requirement from time to time. In 2017, the Company continued to implement and follow up on those suggestions and recommendations made by Lai Ying Wai Certified Public Accountant Hong Kong as part of their 2016 comprehensive review on the internal controls of the Group. As such, the Group's internal supervision and risk prevention measures continue to improve.



## **AUDIT COMMITTEE**

The Audit Committee (the “**Audit Committee**”) was established in May 2000, and the Company had adopted a revised specific terms of reference as of November 2016 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee comprised four members, namely, Ms. Chan Nga Man, Mr. Lam Wing Keung, Mr. Lau Chor Ki and Mr. Tse Yee Hin, Tony, all of whom were independent non-executive Directors. Mr. Lam Wing Keung is the current chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Group’s audit findings, accounting policies and standards, changes of accounting rules (if any), compliance with the GEM Listing Rules, internal and audit control, risk management and cash flow forecast.

The unaudited consolidated results of the Group for the six months ended 30 September 2017 have been reviewed by the Audit Committee.

By order of the Board  
**Yunbo Digital Synergy Group Limited**  
**Lam Chi Man**  
*Director*

Hong Kong, 14 November 2017

*As at the date of this announcement, the executive Directors of the Company are Mr. Ho Yeung, Mr. Lam Chi Man and Mr. Wang Xiaoqi; and the independent non-executive Directors of the Company are Ms. Chan Nga Man, Mr. Lam Wing Keung, Mr. Lau Chor Ki and Mr. Tse Yee Hin, Tony.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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 purpose only*