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 REPORT 2015/2016

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.

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*This report, 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 Company ("**Directors**"), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

INDEPENDENT REVIEW REPORT

To the Board of Directors of Yunbo Digital Synergy Group Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 4 to 24 which comprises the condensed consolidated statement of financial position of Yunbo Digital Synergy Group Limited as of 30 September 2015 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("**HKSRE 2410**") issued by the HKICPA. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with HKAS 34.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

13 November 2015

Shaw Chi Kit
Practising Certificate No.: P04834

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 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 September 2015

	Note	Three months ended 30 September 2015 HK$'000 (unaudited)	Three months ended 30 September 2014 HK$'000 (unaudited)	Six months ended 30 September 2015 HK$'000 (unaudited)	Six months ended 30 September 2014 HK$'000 (unaudited)
Revenue	4	**125,295**	3,772	**195,626**	8,991
Cost of sales and services		**(105,077)**	(3,119)	**(164,195)**	(7,484)
Gross profit		**20,218**	653	**31,431**	1,507
Other income		**412**	407	**1,191**	772
Net realised and unrealised loss on financial assets designated at fair value through profit or loss		**–**	(394)	**–**	(357)
Distribution costs		**(3,072)**	(4)	**(8,385)**	(11)
Administrative expenses		**(11,085)**	(7,392)	**(19,401)**	(12,467)
Profit/(Loss) before income tax	5	**6,473**	(6,730)	**4,836**	(10,556)
Income tax expense	6	**(681)**	–	**(933)**	–
Profit/(Loss) for the period		**5,792**	(6,730)	**3,903**	(10,556)
Other comprehensive (expense)/ income					
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**(2,940)**	55	**(3,309)**	65
Other comprehensive (expense)/ income for the period, net of tax		**(2,940)**	55	**(3,309)**	65
Total comprehensive income/ (expense) for the period, net of tax		**2,852**	(6,675)	**594**	(10,491)

	Note	Three months ended 30 September 2015 HK$'000 (unaudited)	2014 HK$'000 (unaudited)	Six months ended 30 September 2015 HK$'000 (unaudited)	2014 HK$'000 (unaudited)
Profit/(Loss) for the period attributable to:					
Owners of the Company		**4,807**	(6,694)	**2,120**	(10,537)
Non-controlling interests		**985**	(36)	**1,783**	(19)
		5,792	(6,730)	**3,903**	(10,556)
Total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		**1,257**	(6,639)	**(1,969)**	(10,472)
Non-controlling interests		**1,595**	(36)	**2,563**	(19)
		2,852	(6,675)	**594**	(10,491)
Earnings/(Loss) per share attributable to owners of the Company					
– Basic (in HK cents)	7	**0.35**	(0.49)	**0.16**	(0.78)
– Diluted (in HK cents)	7	**0.33**	(0.49)	**0.15**	(0.78)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**3,063**	3,576
Intangible assets		**1,144**	1,164
Goodwill		**3,557**	3,552
		7,764	8,292
Current assets			
Inventories		**49,709**	27,823
Trade and other receivables	9	**272,449**	246,612
Financial assets designated at fair value through profit or loss	10	**48,636**	37,935
Cash and cash equivalents		**117,628**	133,046
		488,422	445,416
Current liabilities			
Trade and other payables	11	**353,269**	258,500
Tax payable		**1,658**	1,031
		354,927	259,531
Net current assets		**133,495**	185,885
Total assets less current liabilities		**141,259**	194,177
Non-current liabilities			
Other payables	11	**–**	53,512
Net assets		**141,259**	140,665

	Note	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Equity			
Equity attributable to the owners of the Company			
Share capital	12	**135,625**	135,625
Reserves		**(17,730)**	(15,761)
		117,895	119,864
Non-controlling interests		**23,364**	20,801
Total equity		**141,259**	140,665

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(445)**	(4,335)
Investing activities		
Cash paid for acquisition of financial assets designated at fair value through profit or loss	**(207,516)**	–
Cash received from redemption of financial assets designated at fair value through profit or loss	**195,015**	–
Interest received from structured deposits	**853**	–
Others	**(59)**	(84)
Net cash used in investing activities	**(11,707)**	(84)
Net decrease in cash and cash equivalents	**(12,152)**	(4,419)
Cash and cash equivalents at the beginning of the period	**133,046**	112,112
Effect on foreign exchange rate changes, on cash held	**(3,266)**	65
Cash and cash equivalents at the end of the period, represented by cash at banks and in hand	**117,628**	107,758

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to the owners of the Company							
	Share capital HK$'000 (unaudited)	Share premium HK$'000 (unaudited)	Warrant reserve HK$'000 (unaudited)	Translation reserve HK$'000 (unaudited)	Accumulated losses HK$'000 (unaudited)	Total HK$'000 (unaudited)	Non-controlling interests HK$'000 (unaudited)	Total equity HK$'000 (unaudited)
As at 1 April 2014	135,625	99,935	900	370	(114,382)	122,448	187	122,635
Loss for the period	–	–	–	–	(10,537)	(10,537)	(19)	(10,556)
Other comprehensive income								
Exchange differences arising on translation of foreign operations	–	–	–	65	–	65	–	65
Total comprehensive income/ (expense)	–	–	–	65	(10,537)	(10,472)	(19)	(10,491)
As at 30 September 2014	135,625	99,935	900	435	(124,919)	111,976	168	112,144
As at 1 April 2015	**135,625**	**99,935**	**900**	**605**	**(117,201)**	**119,864**	**20,801**	**140,665**
Profit for the period	**-**	**-**	**-**	**-**	**2,120**	**2,120**	**1,783**	**3,903**
Other comprehensive income/ (expense)								
Exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**(4,089)**	**-**	**(4,089)**	**780**	**(3,309)**
Total comprehensive income/ (expense)	**-**	**-**	**-**	**(4,089)**	**2,120**	**(1,969)**	**2,563**	**594**
As at 30 September 2015	**135,625**	**99,935**	**900**	**(3,484)**	**(115,081)**	**117,895**	**23,364**	**141,259**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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 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 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 cooperating 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 2015 (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 2015 (the "**2015 Annual Financial Statements**"). The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2015 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 2015. 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 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 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 enterprise software and 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 consolidated statement of financial position.

Interest income is recognised on a time-proportion 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**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue:				
Hardware	**122,172**	3,383	**191,445**	8,062
Software	**376**	266	**1,025**	636
Services	**2,747**	123	**3,156**	293
	125,295	3,772	**195,626**	8,991

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

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

The CODM assess the performance of the operating segments based on a measure of reportable segment 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.

	Hardware Six months ended 30 September		Software Six months ended 30 September		Services Six months ended 30 September		Total Six months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Reportable segment revenue:								
From external customers	**191,445**	8,062	**1,025**	636	**3,156**	293	**195,626**	8,991
Reportable segment profit/(loss)	**7,855**	(2,898)	**(7)**	285	**2,956**	136	**10,804**	(2,477)

	Hardware Three months ended 30 September		Software Three months ended 30 September		Services Three months ended 30 September		Total Three months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Reportable segment revenue:								
From external customers	**122,172**	3,383	**376**	266	**2,747**	123	**125,295**	3,772
Reportable segment profit/(loss)	**7,422**	(2,081)	**(493)**	45	**2,582**	22	**9,511**	(2,014)

	Hardware		Software		Services		Total	
	30 September 2015	31 March 2015	**30 September 2015**	31 March 2015	**30 September 2015**	31 March 2015	**30 September 2015**	31 March 2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
Reportable segment assets	**312,472**	232,777	**298**	252	**1,160**	1,330	**313,930**	234,359
Reportable segment liabilities	**295,428**	240,105	**50**	50	**457**	294	**295,935**	240,449

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 30 September		**Six months ended 30 September**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Reportable segment profit/(loss)	**9,511**	(2,014)	**10,804**	(2,477)
Depreciation	**(231)**	(109)	**(474)**	(210)
Unallocated corporate expenses*	**(3,219)**	(4,620)	**(6,685)**	(8,284)
Unallocated corporate income	**412**	13	**1,191**	415
Profit/(Loss) before income tax	**6,473**	(6,730)	**4,836**	(10,556)

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

	30 September 2015	31 March 2015
	HK$'000	HK$'000
	(unaudited)	(audited)
Total segment assets	**313,930**	234,359
Unallocated assets*	**182,256**	219,349
Total assets per condensed consolidated statement of financial position	**496,186**	453,708
Total segment liabilities	**295,935**	240,449
Unallocated liabilities*	**58,992**	72,594
Total liabilities per condensed consolidated statement of financial position	**354,927**	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.

5. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 30 September		**Six months ended 30 September**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Cost of inventories sold	**104,739**	2,698	**163,856**	6,659
Depreciation of property, plant and equipment	**231**	109	**474**	210
Employee benefit expense	**5,283**	3,005	**10,477**	5,845
Net unrealised loss on financial assets designated at fair value through profit or loss	**–**	506	**–**	469
Net realised gain on financial assets designated at fair value through profit or loss	**–**	(112)	**–**	(112)
Net foreign exchange loss	**1**	9	**11**	6
Operating lease charges in respect of rented premises	**909**	506	**1,862**	1,015
Operating lease charges in respect of rented equipment	**3**	4	**5**	8

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the six months and three months ended 30 September 2015 and 2014 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 2014: No provision for PRC enterprise income tax has been made as the Group had incurred losses for taxation purpose) on the estimated assessable profit for the six months and three months ended 30 September 2015.

	Three months ended 30 September		**Six months ended 30 September**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
PRC enterprise income tax				
Current period	**681**	–	**933**	–
Income tax expense	**681**	–	**933**	–

Deferred tax has not been provided for the Group because the Group had no material temporary differences at the reporting date (30 September 2014: Nil).

7. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share for the three months and six months ended 30 September 2015 is calculated by dividing the profit attributable to owners of the Company for the period of HK$4,807,000 and HK$2,120,000 respectively (three months and six months ended 30 September 2014: loss of HK$6,694,000 and HK$10,537,000 respectively) by the weighted average number of 1,356,250,000 (three months and six months ended 30 September 2014: weighted average number of 1,356,250,000) ordinary shares in issue during the periods.

Diluted earnings per share for the three months and six months ended 30 September 2015 is calculated by dividing the profit attributable to owners of the Company for the period of HK$4,807,000 and HK$2,120,000 respectively by the weighted average number of 1,356,250,000 ordinary shares in issue during the period and adjusting for the potential ordinary shares on exercise of 90,000,000 warrants for converting into ordinary shares.

Diluted loss per share for the three months and six months ended 30 September 2014 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 earnings/(loss) per share:

	Three months ended 30 September		**Six months ended 30 September**	
	2015 **(unaudited)**	2014 (unaudited)	**2015** **(unaudited)**	2014 (unaudited)
Profit/(Loss) attributable to owners of the Company (HK$'000)	**4,807**	(6,694)	**2,120**	(10,537)
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings/(loss) per share (in thousands)	**1,356,250**	1,356,250	**1,356,250**	1,356,250
Effect of dilutive potential ordinary shares on exercise of warrants	**85,986**	–	**86,480**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share (in thousands)	**1,442,236**	1,356,250	**1,442,730**	1,356,250

	HK cents	HK cents	HK cents	HK cents
Basic earnings/(loss) per share	**0.35**	(0.49)	**0.16**	(0.78)
Diluted earnings/(loss) per share	**0.33**	(0.49)	**0.15**	(0.78)

8. DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

9. TRADE AND OTHER RECEIVABLES

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Bill receivables	**38,385**	55,605
Trade receivables	**221,134**	146,215
Total bill and trade receivables (Note a)	**259,519**	201,820
Prepayments, deposits and other receivables	**12,930**	44,792
	272,449	246,612

Note a: The credit period granted by the Group to its customers generally ranged from 0 to 90 days. As at 30 September 2015 and 31 March 2015, the ageing analysis of the Group's bill and trade receivables (net of provision for impaired receivables) based on invoice date is as follows:

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
0–30 days	**59,387**	137,219
31–60 days	**38,788**	11,486
61–90 days	**22,654**	16,778
91–180 days	**63,058**	18,770
181–365 days	**45,800**	1,295
Over 365 days	**29,832**	16,272
	259,519	201,820

10. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Structured deposits	**48,636**	37,935

As at 30 September 2015, the Group had short term investments linked structured deposits that are denominated in RMB40,000,000 (equivalent to HK$48,636,000) (As at 31 March 2015: RMB30,000,000 (equivalent to HK$37,935,000)) with banks and redeemable on demand (As at 31 March 2015: with maturity periods of 50 days).

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

Structured deposits are carried at fair value determined according to the inputs other than quoted market prices (Note 13.1).

11. TRADE AND OTHER PAYABLES

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Current liabilities		
Trade payables (Note a)	**295,478**	240,155
Other payables and accruals (Note c)	**39,252**	16,714
Sales deposits received (Note b)	**18,539**	1,631
	353,269	258,500
Non-current liabilities		
Other payables (Note c)	**–**	53,512

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

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
0–30 days	**65,846**	23,797
31–60 days	**31,237**	15,926
61–90 days	**15,920**	12,356
91–180 days	**51,211**	58,073
181–365 days	**85,478**	69,133
Over 365 days	**45,786**	60,870
	295,478	240,155

Note b: As at 30 September 2015, sales deposits of HK$18.5 million (equivalent to RMB15.2 million) (As at 31 March 2015: HK$1.6 million) was received from a customer of which the transaction had not yet completed.

Note c: As at 31 March 2015, the long-term payables were mainly cash advances from third parties, which were unsecured, interest free and not payable within one year. As at 30 September 2015, the cash advances are included under current liabilities and 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.

12. SHARE CAPITAL

	Authorised Ordinary shares of HK$0.10 each	
	Number of shares (in thousands)	HK$'000 (unaudited)
As at 31 March 2015 and 30 September 2015	**2,000,000**	**200,000**

	Issued and fully paid Ordinary shares of HK$0.10 each	
	Number of shares (in thousands)	HK$'000 (unaudited)
As at 1 April 2014, 31 March 2015 and 30 September 2015	**1,356,250**	**135,625**

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 30 September 2015 and 31 March 2015, 90,000,000 warrants remained unexercised.

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

13.1 Financial assets and liabilities measured at fair value

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

	Level 2	
	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Assets		
Financial assets designated at fair value through profit or loss		
– Structured deposits	**48,636**	37,935

The structured deposits are not publicly traded, the fair values presented are determined by calculating the present value of the estimated cash flows upon maturity of these financial assets. Future cash flows are estimated based on the contracted interest rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate. Interest rates of the structured deposits vary depending on the return rate of the relevant short term bonds, money market investment fund and bank deposits.

13.2 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 2015 and 31 March 2015.

14. 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:

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Within one year	**2,818**	3,588
In the second to fifth year inclusive	**1,783**	2,897
	4,601	6,485

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.

15. MATERIAL RELATED PARTY TRANSACTION

The Group had no significant transactions with related parties during the reporting period (six months ended 30 September 2014: Nil).

The remuneration of key management personnel for the six months ended 30 September 2015 amounted to HK$2,144,000 (six months ended 30 September 2014: HK$2,576,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 30 September 2015, the Company and its subsidiaries (collectively the "**Group**") recorded revenue of approximately HK$195,626,000, representing an increase of approximately 2,076% when compared with the corresponding period last year of approximately HK$8,991,000. The significant increase in revenue was principally due to having consolidated the operating performance of China Mobile Payment Technology Group Company Limited (中國支付科技集團有限公司) ("**China Mobile Payment**") (formerly known as Magic Hour Holdings Ltd. (麥基浩爾控股有限公司)) and a significant increase in business volume in the trading of Gigabit-Passive Optical Network ("**G-PON**") equipment and Ethernet-Passive Optical Network ("**E-PON**") equipment during the reporting period.

Profit before income tax of the Group for the six months ended 30 September 2015 was approximately HK$4,836,000, compared with loss before income tax of approximately HK$10,556,000 for the corresponding period last year. Profit attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK$2,120,000 compared with loss attributable to owners of the Company of approximately HK$10,537,000 for the corresponding period last year.

Business Review

The general business and operating environment during the reporting period continue to be affected by the prevailing effects of global economic conditions even for those markets which historically have recorded high growth rates such as the People's Republic of China (the "**PRC**") market. Although the overall momentum in the PRC market remains positive, slower macro-economic growth is however expected. Moreover, greater and more complex competition has made operating in the telecommunications industry in the PRC significantly more challenging.

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

The Company had commenced the trading of high-tech software and hardware equipment in the fourth quarter of 2012. The acquisition of China Mobile Payment has made the trading of hardware equipment currently the Company's primary revenue driver. 廣州韻博信息科技有限公司 (Guangzhou YBDS IT Co., Ltd.*) ("**Guangzhou YBDS**") is an appointed sale and marketing agent for points of sale ("**POS**") terminals manufactured by Fujian Newland Computer Co., Ltd. (福建新大陸電腦股份有限公司). The POS terminal is the modern replacement of the cash register that, when connected to a POS system, can record and track customer orders, process credit and debit cards, connect to other systems in a network, and manage inventory. In short, it is a computer which is supported by application specific programs and I/O devices for the particular environment in which it serves.

The Company believes continued global development of internet technologies and their related applications have evolved into an effectual period of "aggregation and fission". Emerging production elements such as big data, cloud computing, unified communications, 4G mobile new media, network security software-defined networking and e-finance are quickly becoming production tools of the new economy as traditional businesses at all levels undergo different level and scale of transformations to redefine how they should manage their operations in view of the rapidly changing market conditions. It is for these reasons the Company had adopted its current name Yunbo or "雲博" in Chinese.

"雲" is the Chinese character for "cloud" representing the forms of development relating to the "cloud network" in internet cloud computing and its various patterns or interconnection of cyberspace and whole terminals. Forms of development include interconnected applications such as cloud space, cloud services, cloud search, cloud community, and cloud browsing, among others. Cloud services realize the interconnection between the various end devices. Operating terminals such as personal computers ("**PCs**"), mobile phones, televisions and tablets no longer require strong processing capabilities. All resources used by end users are provided for by an integrated cloud back-office infrastructure equipped with storage facilities and powerful processing capabilities. "博", the Chinese character having the meaning of "rich and extensive", represents the convergence of big data, unified communication, cloud computing, 4G based new media, network security software-defined networking, e-finance, and other new technologies.

"雲博", or the Group, is quickly being transformed from a traditional company engaged in the provision of system integration services, other value-added technical consultation services and hardware-related business into a company which trades ancillary high-tech software and hardware products, develops and establishes integrated online platforms for distribution of mobile products and provision of value-added services, and cooperating with multinational companies to introduce and procure mobile application services, to a business with a core focus in the areas of big data, unified communications, cloud computing, network security software-defined networking, 4G new media, e-finance, software and hardware maintenance and operation for back end network support systems, as well as the design, development, production and manufacture of network front end products and operations of online and offline payment systems.

The Group, in 2012, had established two wholly foreign owned enterprises in the PRC, namely, Guangzhou YBDS and 北京韻博港信息科技有限公司 (Beijing YBDS IT Co., Ltd.*) ("**Beijing YBDS**"), to facilitate the Group's proposed business endeavors and potential joint co-operations in the PRC.

Guangzhou YBDS
Guangzhou YBDS was approved for establishment on 13 August 2012 with the entire equity interest of Guangzhou YBDS being held by Pacific Honour Development Limited, an indirect wholly-owned subsidiary of the Company. Guangzhou YBDS presently has a total investment of RMB80 million and a fully paid-up registered capital of RMB40 million.

Guangzhou YBDS's business scope includes computer software or hardware system integration, external equipment, financial and electronic equipment, automated control systems and related equipment, new models of electronic devices, smart modems, research and development of educational software and hardware, sale of computer software, hardware and ancillary equipment, electronic products, general machinery equipment, specialized equipment, and provision of technical services and support.

Beijing YBDS
Beijing YBDS, a company having a business scope that includes technology development and system integration of computer hardware and software, communication system, network system and automatic control system, educational software development, sale of proprietary products, technical services and technical consultancy. It was approved for establishment on 21 November 2012 with the entire equity interest of Beijing YBDS being held by Able Bloom, an indirect wholly owned subsidiary of the Company. Beijing YBDS presently has a total investment of RMB40 million and a registered capital of RMB20 million, respectively. As at the date of this report, only 20% of the registered capital or RMB4 million has been paid up.

The Company had, on 5 August 2013, raised net proceeds of approximately HK$100 million by issuing 450 million shares by way of subscription to Happy On Holdings Limited, a company wholly owned by Mr. Chan and the controlling shareholder of the Company (the "**Subscription**"). It was stipulated in the circular of the Company dated 11 July 2013 that such proceeds are to be applied in the following manner:

(i) approximately HK$30 million to pay up the remaining registered capital of Guangzhou YBDS and Beijing YBDS;

(ii) approximately HK$50 million 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 registered capital and increased registered capital of Guangzhou YBDS has been fully paid-up.

At the time of the Subscription, 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.

However, taking into account the fact that the Company has acquired China Mobile Payment on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bid submissions, this corporate action is no longer deemed to be necessary. Hence, the Company has commenced the process of de-registrating Beijing YBDS and expects the process to be completed sometime in the fourth quarter of 2015.

Once Beijing YBDS has been de-registered, 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 report, the Company has not identified any potential projects.

In spite of the ever challenging operating environment in the PRC, the Group has made great strides over the years in its business development. In the area of software deployment, the Company had teamed up with ChinaSoft International Limited (中軟國際有限公司) (stock code: 354) ("**ChinaSoft**"). In our first venture together, the two parties entered into a non-legally binding letter of intent on 2 August 2012 whereby both parties agreed to collaborate with each other to submit a tender bid for specific parts of a wireless infrastructure project in the PRC. Wireless City (無線城市) ("**Wireless City**") is a project sponsored and undertaken by China Mobile Group Guangdong Company Limited ("**Guangdong Mobile**"), a subsidiary of China Mobile Limited (stock code: 941) ("**China Mobile**"). Guangdong Mobile had embarked on the Wireless City project in 2012 as it aspires to develop and construct a wireless infrastructure network for PRC cities such that everyone in these cities will be able to have free Wi-Fi access.

Subsequently on 7 May 2013, MMIM Info. Technology Co., Ltd.* (北京掌中無限信息技術有限公司) ("**MMIM**"), a wholly owned subsidiary of ChinaSoft, submitted open tender documents for specific parts of the Wireless City project to Guangdong Mobile. Excellent Master Investments Limited, a wholly-owned subsidiary of the Company, ChinaSoft International (Hong Kong) Limited, a wholly-owned subsidiary of ChinaSoft, the Company and ChinaSoft concurrently entered into a project implementation agreement to implement the specific parts of the Wireless City project in the event that the bid is successful (in which case, MMIM and Guangdong Mobile will enter into a formal project agreement). Under the formal agreement dated 7 April 2014, ChinaSoft had agreed to pay, and the Company has received, a sum totaling RMB15 million (equivalent to about HK$18.75 million) in three instalments.

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

In March 2014, the Company and ChinaSoft entered into a non-legally binding letter of intent and submitted a tender for the construction of phase I of the unified payment system (統一支付系統一期工程), a project to be implemented by China Mobile for the establishment of a national unified payment platform in the PRC. The Company and ChinaSoft have also worked together to submit a bid for contracted work relating to the repair and maintenance and operations of China Mobile's Fetion (飛信) ("**Fetion**") platform and its related social products and services offering.

Based on the principles of "centralization, standardization, unification", China Mobile is cooperating with commercial banks in the PRC to establish a national unified payment system platform, offering unified access and uniformed rules and regulations to all payment services at a flat rate. Phase I of the national unified payment system will connect China Mobile with electronic payment channels at all levels onto a platform that offers payment services and bill settlement functions. All mobile phone users will concurrently be able to store monetary value onto their mobile phone accounts for the purchase of goods and services. The national unified payment system platform will be one of China Mobile's strategic projects to transform itself from a mobile phone services operator into an internet based services enterprise.

Fetion estimated to have over 320 million registered users, and is a critical part of China Mobile's mobile internet business strategy. It is already a major mobile internet platform connecting a large number of users between PCs and mobile phones in the PRC.

When collaborating with ChinaSoft, typically if our tender is successful, ChinaSoft would first enter into a formal project agreement with the relevant company of telecommunications operator, and the Company (or its nominee) will then enter into a project agreement with ChinaSoft to determine the implementation costs as well as setting out the detailed terms of each party's participation in the relevant project. In general, ChinaSoft shall, at its own costs (but in any event such costs shall not exceed the amount to be stipulated under the project agreement), be responsible for all the technical and construction works of the relevant project (including but not limited to the development, manufacture, testing, construction of the hardware, middleware and software systems necessary for completion, technical services and support etc.); whereas the Company shall, at its own costs, provide business analysis and integrated works in connection with the relevant project.

Prospects

Guangzhou YBDS 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**") on 21 March 2014, pursuant to which Aspire has agreed to appoint Guangzhou YBDS as its non-exclusive agent to promote and distribute their unified communications business, irrespective of whether such businesses are operated by Aspire or not, and provide relevant customer service and support thereunder in each province of the PRC. The Agreement has automatically been renewed for a term of one year on 21 March 2015.

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

Aspire Holdings, a direct non wholly-owned subsidiary of China Mobile, is the pioneer developer of data products and services for China Mobile. Aspire Holdings actively assists China Mobile in exploring, expanding, and facilitating businesses in areas such as information and communication technology and the internet. It has developed various super-large business platforms such as Mobile Information Service Centre and Service Information Management System providing services nationwide. Aspire also assists China Mobile in the operation and support of mobile data businesses such as mobile newspaper and mobile reading. Through Personal Information Management, Aspire facilitates the development of China Mobile's Internet businesses such as 139 community, mobile micro-blog, and i-Contact under which its social network brand Fetion has a subscriber base of over 320 million users. In addition, it helped China Mobile to establish the first mobile market for carriers and the Center of Mobile Certificate Authority in the PRC.

The link-up with Aspire marks a milestone in the Company's history. Cooperation with large-scale state-owned telecommunications operators and upstream/downstream partners in the industry enables the Company to develop and provide new products and services, re-define and enhance our business model.

The premise of our cooperation with Aspire together with Fetion's estimated over 320 million registered users creates a solid foundation for the Company and Aspire to jointly develop front end module businesses.

On 31 March 2014, Guangzhou YBDS entered into a strategic cooperation agreement with BesTV New Media Co., Ltd. ("**BesTV**") to collaborate on exploring and developing new media technology and contents on internet protocol television ("**IPTV**"), mobile television, internet television, mobile internet, multimedia stage design and production, and digital media platform research and development, offering such products and services through the smart phones, PCs, televisions and tablets (collectively, the "**4 Screens**").

BesTV is a new media corporation controlled by Radio and Television Shanghai and Shanghai Media Group, and its shares are listed on The Shanghai Stock Exchange (stock code: 600637). Its business scope includes research, exploration, design, construction, management, maintaining entire network systems, interactive media application platform, and provision of network-related software and hardware in the field of technology development, technical consulting, technology transfer, technical services, network video production and operations, messaging, network equipment design, leasing, and sales and service. As at 30 June 2015, BesTV had over 22.5 million IPTV subscribers.

On 13 May 2014, Guangzhou YBDS 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*) ("**PetroChina Trading**") and 天翼電子商務有限公司 (China Telecom Bestpay E-commerce Ltd.*) ("**CT E-commerce**"), pursuant to which, the parties agreed to fully cooperate with each other to jointly market the business of payment clearance 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 Bestpay (翼支付) platform ("**Bestpay**"), will provide clearance services for non-cash payments enabling customers of 中國石油天然氣股份有限公司 (PetroChina Company Limited*) ("**PetroChina**") to pay for the purchase of petroleum through prepaid cards at the sales network of PetroChina.

Additionally, CT E-commerce will install compatible POS terminals at the sales network of PetroChina 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 events.

On 26 August 2014, the Company, China National Travel Service (HK) Group Corporation (中國港中旅集團公司) (the "**HKCTS Group**") and China Telecommunications Corporation (中國電信集團公司) ("**China Telecommunications**") entered into a strategic cooperation agreement, pursuant to which, the parties agreed to cooperate in tourism, hotels, ticketing, mobile payment and other areas within the business scope of the HKCTS Group. China Telecommunications will, through its status as one of the leading mobile communications operators in the PRC, its tremendous users base and CT E-commerce, which has obtained the licence for payment businesses issued by the People's Bank of China, provide online and offline payment and acceptance. The Company will make use of its capability in software development to build a payment platform, providing the HKCTS Group with an overall online and offline solution. The Company will at the same time collaborate with China Telecommunications to, among others, broaden payment channels for tourism, hotels, ticketing and other areas within the business scope of the HKCTS Group, install POS terminals, develop mobile software, and mobile two-dimensional code ticket certification. The parties will, in respect of the sales business within the business scope of the HKCTS Group, jointly establish acceptance channels and customer services channels for, among others, online, offline and vocal business, and provide support and services for the related marketing operation. The parties will also hold joint marketing and promotional activities to explore the potential of their common customers, activate dormant users and expand common user groups.

The HKCTS Group is a key large-scale state-owned enterprise ("**SOE**") directly managed by the Central People's Government of the PRC and regulated by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is also the largest SOE in the tourism industry and one of the four largest Chinese-funded enterprises in Hong Kong. It is now a diversified enterprise with core businesses in tourism and supporting businesses in industrial and commercial investments (iron and steel), real estate, logistics and trading. The HKCTS Group is the only large-scale tourism enterprise in the PRC providing the most comprehensive services throughout the whole value chain in the tourism industry. Moreover, it is the only organization commissioned by the Ministry of Public Security of the PRC to administer the "Mainland Travel Permit for Hong Kong and Macao Residents" (港澳居民來往內地通行證) and "Mainland Travel Permit for Taiwan Residents" (台灣居民來往大陸通行證). China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company controlled by the HKCTS Group, is listed on the Stock Exchange (stock code: 308).

China Telecommunications is one of the three largest and leading telecommunications operators in the PRC. China Telecommunications provides its customers with integrated information solutions including products such as mobile communications, broadband Internet access, information technology applications and fixed line phones. China Telecommunications has branch companies in 31 provinces (including autonomous regions and municipalities) of the PRC and major countries in Europe, America, Asia Pacific and other regions. China Telecommunications has the world's largest broadband network and technologically leading mobile communications network, making it capable of providing its customers with cross-border and comprehensive integrated information services and client service channels globally. China Telecom is a subsidiary of China Telecommunications, with its H shares listed on the Stock Exchange (stock code: 728). CT E-commerce, as an indirect subsidiary of China Telecommunications, has various channels for payment services such as mobile phones, fixed line telephones and POS terminals to provide safe and convenient financial information services such as "communication plus payment" (通信+支付), "payment plus financial management" (支付+理財) for individual and corporate users.

On 31 August 2014, the Company, through Guangzhou YBDS, and China Vanguard Group Limited (眾彩科技股份有限公司) ("**CVG**"), a company incorporated in the Cayman Islands, the shares of which are listed on GEM of the Stock Exchange (stock code: 8156), through China Vanguard Corporate Management Limited (眾彩企業管理有限公司) ("**CVCM**"), a company incorporated in the Hong Kong Special Administrative Region of the PRC and a direct wholly-owned subsidiary of CVG, have entered into a strategic cooperative agreement, pursuant to which, subject to CVG having obtained the required approvals from the relevant authorities, Guangzhou YBDS and CVCM will 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' noncash 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.

The Group and CVG will utilize their respective advantages in each of their specialized areas to enhance the competitiveness of their businesses. The general public will therefore be able to benefit from the easiness and consumer friendliness of noncash payment clearance for lottery purchases and for full coverage of online and offline applications in the consumer sectors including those through CVG's lottery distribution points.

CVG is a comprehensive solutions and related consolidated services provider for both welfare and sports lottery in the PRC. Its core business consists of development of lottery related hardware and software, provision of self-service lottery solutions and launching self-operated and franchise stores. The lottery business currently covers 18 provinces and regions. CVG is a member of the World Lottery Association.

The Directors believe that with the dawning of 4G networks, a new economy driven by new visual media is about to commence. The onset of unified communications will alter how traditional Internet OTT businesses operate. Moreover, mobile users will be able to access more convenient and colorful content benefited from the high bandwidth and low latency characteristics of 4G networks. The cooperation with BesTV to develop and operate 4G new media businesses enables the Company to preempt the mainstream of 4G new media businesses onto the 4 Screens 'users.

The Directors also believe that the exponential growth in mobile Internet has brought forward intense competition across all market segments of the telecommunications industry into an era driven largely by the volume of data throughput. In hindsight, the Group re-defined its core business. Key businesses of the Group have been expanded to include big data, unified communications, cloud computing, network security software-defined networking, 4G new media, top-level network designs for e-finance platforms, the software and hardware maintenance and operation in respect of the back end network support systems, design, development, production and manufacturing of the network front end products as well as the business operation of the online and offline payment. In hindsight, the Group is therefore accelerating its efforts in strategic transformation and capacity enhancement to maintain and create its competitive advantages.

Given our ambitions in the telecommunications industry in the PRC, Mr. Ni Guang Nan, the former chief science and technology officer of the Lenovo Group, was appointed as the chief science and technology advisor of the Company on 7 April 2014. He advises the Company on its business activities in information and telecommunications technology.

Hence, the entering into of the agency framework agreement with Aspire and strategic cooperation agreement with BesTV are in line with the Group's strategy enabling it to expand its existing services and revenue base and enhance its growth potential. Accordingly, the Directors consider that the entering into of the agency framework agreement and strategic cooperation agreement are in the interest of the Company and its shareholders as a whole.

On 10 July 2015, Guangzhou YBDS and CT E-commerce entered into a framework cooperation agreement, pursuant to which CT E-commerce appoints, on a non-exclusive basis, Guangzhou YBDS as its agent in the areas of gateway, offline POS, bill settlement, client introduction, transaction fees, online SGW (Signaling Gateway), collection of funds, POS payment acceptance to promote CT E-commerce's "BestPay" business within the areas authorised by CT E-commerce. Acting as CT E-commerce's agent, Guangzhou YBDS shall be entitled to a commission for any successful client referrals.

Moreover, the Directors believe that the mobile phone has become the ultimate terminal for consumer mobile applications globally. The entering into of (i) the letter of intent among the Group, PetroChina Trading and CT E-commerce, (ii) strategic cooperation agreement among the Group, the HKCTS Group and China Telecommunications, and (iii) strategic cooperative agreement between the Group and CVCM 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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Details of the share capital of the Company are set out in note 12 to the Condensed Financial Report.

To ensure that the Company is financially stable with sufficient financial resources to continue its development, it had, on 5 August 2013, raised net proceeds of approximately HK$100 million through the Subscription. As stipulated in the circular of the Company dated 11 July 2013 that such proceeds are to be applied in the following manner:

(i) approximately HK$30,000,000 to pay up the remaining registered capital of Guangzhou YBDS and Beijing YBDS;

(ii) approximately HK$50,000,000 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 registered capital and increased registered capital of Guangzhou YBDS has been fully paid-up.

At the time of the Subscription, 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 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.

However, taking into account the fact that the Company has acquired China Mobile Payment on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bid submissions, this corporate action is no longer deemed to be necessary. Hence, the Company has commenced the process of de-registrating Beijing YBDS and expects the process to be completed sometime in the fourth quarter of 2015.

Once Beijing YBDS has been de-registered, 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 report, the Company has not identified any potential projects.

As at 30 September 2015, the shareholders' funds of the Group amounted to approximately HK$141,259,000. Current assets of approximately HK$488,422,000 were mainly comprised of cash and cash equivalents of approximately HK$117,628,000, and trade and other receivables of approximately HK$272,449,000. Current liabilities of approximately HK$354,927,000 were mainly comprised of trade and other payables of approximately HK$353,269,000. The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total equity. As at 30 September 2015, 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 1.38 (As at 31 March 2015: 1.72), reflecting the adequacy of financial resources.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have material acquisition and disposal of subsidiaries and affiliated companies during the six months ended 30 September 2015.

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 2015, 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 2015, the Group had operating lease commitments of approximately HK$4,601,000.

CAPITAL COMMITMENTS

As at 30 September 2015, the contracted capital commitments of the Group were nil.

CONTINGENT LIABILITIES

As at 30 September 2015, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2015, 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 2015, the Group had 119 employees (2014: 40 employees). The total remuneration paid to employees, including Directors, for the six months ended 30 September 2015 was approximately HK$8,883,000 (2014: HK$5,584,000). 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES

As at 30 September 2015, Mr. Wang Xiaoqi is interested in 382,000 ordinary shares of the Company, representing approximately 0.028% of the total number of ordinary shares of the Company. Saved as disclosed above, none of the Directors or their respective associates 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 Securities and Futures Ordinance ("**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 required standards of dealing by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES

As at 30 September 2015, so far as the Directors are aware of and having made due enquires, the following persons had an interest or short position 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 2015** (Note 3)
Happy On (Note 1)	Beneficial owner	987,888,771(L)	72.83%
Mr. Chan (Note 1)	Interest in a controlled corporation	987,888,771(L)	72.83%

Notes:

1. 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.

2. "L" means long positions in the shares of the Company.

3. Based on 1,356,250,000 shares of the Company in issue as at 30 September 2015.

Save as disclosed above, as at 30 September 2015, so far as the Directors are aware of and having made due enquiries, there was no person (other than the Directors) who had an interest or short position 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, as at 30 September 2015, at no time during the six months ended 30 September 2015 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 2015.

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 2015.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this report, 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 2015.

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 2015 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 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. Wang Chaoyong, Mr. Yau Hoi Kin 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.

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 December 2013 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee comprised four members, namely, Mr. Ngan Yu Loong, Dr. Chow Ka Ming, Jimmy, Dr. Wong Wing Lit and Mr. Tse Yee Hin, Tony, all of whom were independent non-executive Directors. Mr. Ngan Yu Loong 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, and cash flow forecast.

The unaudited consolidated results of the Group for the six months ended 30 September 2015 have been reviewed by the Audit Committee.

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

Hong Kong, 13 November 2015

As at the date of this report, the executive Directors are Mr. Wang Chaoyong, 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.

* *For identification purpose only*