



**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

FIRST QUARTERLY REPORT

**2013/2014**

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

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

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

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*This 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 the Company (the “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.*

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 three months ended 30 June 2013 together with the unaudited comparative figures for the corresponding period in 2012 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2013

		<b>Three months ended 30 June</b>	
	Note	<b>2013 HK\$'000 (unaudited)</b>	2012 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>9,379</b>	3,817
<b>Cost of sales</b>		<b>(8,611)</b>	(2,973)
<b>Gross profit</b>		<b>768</b>	844
<b>Other income</b>		<b>140</b>	56
<b>Distribution costs</b>		<b>(10)</b>	(12)
<b>Administrative expenses</b>		<b>(3,873)</b>	(2,925)
<b>Other operating expenses</b>		<b>-</b>	(74)
<b>Finance costs</b>		<b>(12)</b>	-
<b>Loss before income tax</b>		<b>(2,987)</b>	(2,111)
<b>Income tax expense</b>	4	<b>(7)</b>	-
<b>Loss for the period</b>		<b>(2,994)</b>	(2,111)
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		<b>291</b>	-
Other comprehensive income for the period, net of tax		<b>291</b>	-
Total comprehensive expense for the period, net of tax		<b>(2,703)</b>	(2,111)

		<b>Three months ended</b>	
		<b>30 June</b>	
	Note	<b>2013</b> <b>HK\$'000</b> <b>(unaudited)</b>	2012 HK\$'000 (unaudited)
<b>Loss for the period attributable to:</b>			
		<b>(3,067)</b>	(2,130)
		<b>73</b>	19
		<b>(2,994)</b>	(2,111)
<b>Total comprehensive expense for the period attributable to:</b>			
		<b>(2,776)</b>	(2,130)
		<b>73</b>	19
		<b>(2,703)</b>	(2,111)
<b>Loss per share attributable to owners of the Company</b>			
	5	<b>(0.34)</b>	(0.35)
	5	<b>(0.34)</b>	(0.35)

Notes:

## **1. GENERAL INFORMATION**

Yunbo Digital Synergy Group Limited (the “Company”) was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Room 2, 27/F., Golden Centre, 188 Des Voeux Road Central, Central, Hong Kong.

The Company’s shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of system integration services and other value-added technical consultation services and hardware-related business. 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 single largest and majority shareholder 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 interim financial information of the Group for the three months ended 30 June 2013 (the “Condensed Financial Report”) has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 2013 (the “2013 Annual Financial Statements”). The principle accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2013 Annual Financial Statements.

The preparation of the Condensed Financial Report in conformity with HKFRSs 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.

HKICPA has issued a number of new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 April 2013, the adoption has no material effect on how the results and the financial position of the Group for the current or prior accounting periods have been prepared and presented.

The Condensed Financial Report has been prepared under the historical cost convention. 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. REVENUE

Revenue represents the net invoiced value of goods sold and net value of services rendered, after allowances for returns and trade discounts.

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

	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>HK\$’000</b>	HK\$’000
	<b>(unaudited)</b>	(unaudited)
<b>Revenue:</b>		
Hardware	<b>8,886</b>	3,255
Software	<b>247</b>	357
Services	<b>246</b>	205
	<b>9,379</b>	3,817

#### 4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the three months ended 30 June 2013 as the Group had incurred losses for taxation purpose (three months ended 30 June 2012: Nil since the assessable profit of the Group is wholly absorbed by tax losses brought forward). The PRC enterprise income tax has been provided at the rate of 25% (three months ended 30 June 2012: Nil) on the estimated assessable profit for the period.

	Three months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
<b>PRC enterprise income tax</b>		
Current period	(7)	-
	(7)	-

Deferred tax has not been provided for the Group because the Group had no material temporary differences at the reporting date (30 June 2012: Nil).

#### 5. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the period of approximately HK\$3,067,000 (three months ended 30 June 2012: loss of HK\$2,130,000) by the weighted average number of 906,250,000 (30 June 2012: 604,450,549) ordinary shares in issue during the period.

Diluted loss per share for the three months ended 30 June 2013 equals to the basic loss per share as the potential ordinary shares on exercise of warrants were not included in the calculation of diluted loss per share because they are anti-dilutive (three months ended 30 June 2012: diluted loss per share is calculated by dividing the loss attributable to owners of the Company for the period of approximately HK\$2,130,000 by the weighted average number of 613,351,648 ordinary shares in issue during the period, adjusted for the effects of 30,000,000 dilutive potential shares on exercise of warrants).

Details of calculation of loss per share:

	<b>Three months ended 30 June</b>	
	<b>2013 HK\$'000 (unaudited)</b>	<b>2012 HK\$'000 (unaudited)</b>
Loss attributable to owners of the Company	<b>(3,067)</b>	(2,130)
Weighted average number of ordinary shares in issue during the period (in thousands)	<b>906,250</b>	604,451
Effect of dilutive potential shares on exercise of warrants (in thousands)	–	8,901
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share (in thousands)	<b>906,250</b>	613,352
	<b>HK cents</b>	HK cents
Basic loss per share	<b>(0.34)</b>	(0.35)
Diluted loss per share	<b>(0.34)</b>	(0.35)

## 6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2013 (three months ended 30 June 2012: Nil).



## 7. RESERVES

For the three months ended 30 June 2013:

	Share premium (unaudited) HK\$'000	Warrant reserve (unaudited) HK\$'000	Translation reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Non- controlling interests (unaudited) HK\$'000	Total (unaudited) HK\$'000
As at 1 April 2012	36,375	-	-	(92,041)	169	(55,497)
<b>Comprehensive expense</b>						
(Loss)/profit for the period	-	-	-	(2,130)	19	(2,111)
<b>Other comprehensive expense</b>	-	-	-	-	-	-
Total comprehensive (expense)/ income	-	-	-	(2,130)	19	(2,111)
Issue of shares	1,276	-	-	-	-	1,276
Issue of warrants	-	300	-	-	-	300
Dividends	-	-	-	-	-	-
As at 30 June 2012	37,651	300	-	(94,171)	188	(56,032)
As at 31 March 2013 and 1 April 2013	<b>43,685</b>	<b>900</b>	<b>34</b>	<b>(103,901)</b>	<b>133</b>	<b>(59,149)</b>
<b>Comprehensive expense</b>						
(Loss)/profit for the period	-	-	-	(3,067)	73	(2,994)
<b>Other comprehensive income</b>						
Exchange differences arising on translation of foreign operations	-	-	291	-	-	291
Total comprehensive (expense)/ income	-	-	291	(3,067)	73	(2,703)
As at 30 June 2013	<b>43,685</b>	<b>900</b>	<b>325</b>	<b>(106,968)</b>	<b>206</b>	<b>(61,852)</b>

## REVIEW AND PROSPECTS

### Financial Review

During the three months ended 30 June 2013, the Group recorded revenue of approximately HK\$9,379,000, representing an increase of approximately 146% when compared with the corresponding period last year of approximately HK\$3,817,000. The significant increase in revenue was principally due to the Group having generated approximately HK\$5,450,000 in the trading of gigabit-passive optical network (“G-PON”) equipment during the reporting period.

Loss before income tax of the Group for the three months ended 30 June 2013 was approximately HK\$2,987,000, compared with loss before income tax of approximately HK\$2,111,000 for the corresponding period last year. Loss attributable to owners of the Company for the three months ended 30 June 2013 was approximately HK\$3,067,000 compared with loss attributable to owners of the Company of approximately HK\$2,130,000 for the corresponding period last year.

### Business Review

The Company experienced a change in senior management in the first quarter of 2012. The new senior management of the Company, after having conducted a detailed review of the operations of the Group, adopted a new corporate strategy to broaden its income base and enhance the growth potential of the Group. As such, the Company expanded into the market in the PRC in the areas of manufacturing of ancillary high-tech software and hardware products; developing and establishing integrated online platforms for the distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application services, among others.

廣州韻博信息科技有限公司 Guangzhou YBDS IT Co., Ltd.\* (“Guangzhou YBDS”) and 北京韻博港信息科技有限公司 Beijing YBDS IT Co., Ltd.\* (“Beijing Yunbo”), both of which are wholly foreign owned enterprises (“WFOEs”) in the PRC, were established to facilitate the Group business endeavors in the PRC.

### *Guangzhou YBDS*

Guangzhou YBDS was approved for establishment on 13 August 2012. The entire equity interests of Guangzhou YBDS are held by Pacific Honour Development Limited, a wholly-owned subsidiary of the Company. The business licence of Guangzhou YBDS was issued on 18 September 2012. The total investment and registered capital of Guangzhou YBDS are RMB40 million and RMB20 million, respectively. More than 63.25% of the registered capital (or equivalent to approximately RMB12.65 million) of Guangzhou YBDS has been paid up with the remaining 36.75% (or equivalent to approximately RMB7.35 million) due to be paid on or before 18 September 2013. The scope of business of Guangzhou Yunbo includes computer software or hardware system integration, external equipment, financial and electronic equipment, automated control systems and related equipment, new models of electronic devices, smart modems, research and development of educational software and hardware, sale of computer software, hardware and ancillary equipment, electronic products, general machinery equipment, specialized equipment, and provision of technical services and support.

### *Beijing Yunbo*

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

On 4 June 2012, the Company completed a placing for an aggregate of 15,000,000 new shares of HK\$0.10 each in the capital of the Company at a share placing price of HK\$0.185 each to independent third parties, and 30,000,000 warrants at a warrant issue price of HK\$0.01 each and subscription price of HK\$0.185 per warrant share to independent third parties (“May 2012 Placing”).

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

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

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

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

On 5 August 2013, 450,000,000 new shares of par value of HK\$0.10 each in the capital of the Company at a subscription price of HK\$0.225 each ("Subscription Shares") were allotted and issued to Happy On Holdings Limited ("Happy On") pursuant to a subscription agreement dated 2 June 2013 entered into between the Company and Happy On ("Subscription"). The Subscription Shares are subject to lock-up period of one year commencing from 5 August 2013. The net proceeds raised from the Subscription were approximately HK\$100,000,000. The Company intends to apply approximately HK\$30,000,000 to pay up the remaining registered capital of Guangzhou YBDS and Beijing Yunbo and approximately HK\$50,000,000 as further investment for contribution towards the total investment amounts of Guangzhou YBDS and Beijing Yunbo, with the remaining balance as general working capital of the Company.

Immediately after completion of the Subscription, Happy On holds 987,888,771 shares of the Company, representing approximately 72.84% of the total issued share capital of the Company as enlarged by the Subscription Shares.

## Prospects

In 2012, the Group entered into the PRC market to explore and develop business opportunities in the areas of, among others, manufacturing of ancillary high-tech software products specifically designed for smart phones; developing and establishing an integrated platform for distribution of mobile products and provision of value-added services; and setting up joint venture cooperation with multinational companies to introduce and procure mobile application services. Guangzhou YBDS and Beijing Yunbo were set up to facilitate these potential ventures.

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

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

In addition, the Group generated revenue of approximately HK\$5,450,000 in the trading of G-PON equipment during the reporting period.

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

It is under this premise that Guangzhou YBDS and the Guangdong Branch of China Telecom Corporation Limited (中國電信股份有限公司) (stock code: 728) (“China Telecom Guangdong”) to combine their resources by collaborating with each other

to develop, establish, and operate an integrated online education platform (the "Online Education Platform") to support the policy of the Department of Education of Guangdong Province of the PRC.

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

Once completed, it is expected that the Online Education Platform will be able to serve all education administration and research institutions, more than 20,000 primary and secondary schools, 890,000 teachers, and over 18,000,000 students in Guangdong Province.

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

As disclosed in the announcement of the Company dated 5 August 2013, Guangzhou YBDS entered into an agreement with 福建新大陸電腦股份有限公司 (Fujian Newland Computer Co., Ltd.) ("Newland") whereby Newland agreed to appoint, and Guangzhou YBDS agreed to act as an agent of Newland for the sales and marketing of POS (Points of Sales) terminals ("POS terminals"), a type of electronic transaction terminal, manufactured by Newland.

As further disclosed in the announcement of the Company dated 9 August 2013, Guangzhou YBDS has received the "Notification of Successful Bid" from the tender agent of 天翼電子商務有限公司 (China Telecom Bestpay E-Commerce Ltd.\*) ("China Telecom Bestpay") on 8 August 2013 that the Company successfully bid for an order of 1,600 sets of POS terminals. Guangzhou YBDS and China Telecom Bestpay, in accordance with the invitation to tender documents and tender documents, will execute supply agreement. As at the date of this report, the formal supply agreement has yet to be entered into for the supply of POS terminals to China Telecom Bestpay.

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

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

As at 30 June 2013, 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 of the Company 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 June 2013, 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 June 2013 (Note 3)
Happy On (Note 1)	Beneficial owner	537,888,771(L)	59.35%
Mr. Chan Foo Wing ("Mr. Chan") (Note 1)	Interest in a controlled corporation	537,888,771(L)	59.35%

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 537,888,771 shares held by Happy On.
2. "L" means long positions in the shares.
3. Based on 906,250,000 shares of the Company in issue as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, 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 June 2013, at no time during the three months ended 30 June 2013 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.

### **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 three months ended 30 June 2013.

### **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 three months ended 30 June 2013.



## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) since May 2000 with revised specific terms of reference as of 21 March 2012 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee currently comprises three members, namely, Mr. Liu Zhiqian, Dr. Chow Ka Ming, Jimmy and Dr. Wong Wing Lit, all of whom are independent non-executive Directors. Mr. Liu Zhiqian 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 three months ended 30 June 2013 have been reviewed by the Audit Committee.

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

Hong Kong, 14 August 2013

*As at the date of this report, the executive Directors are Mr. Yau Hoi Kin, Mr. Kwong Wai Ho Richard and Dr. Huang Youmin; the non-executive Director is Mr. Hsu Chia-Chun; and the independent non-executive Directors are Dr. Chow Ka Ming, Jimmy, Mr. Liu Zhiqian and Dr. Wong Wing Lit.*

\* For identification purpose only