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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)

MAJOR TRANSACTION:

COLLABORATION WITH CHINA TELECOM GUANGDONG TO DEVELOP, ESTABLISH AND OPERATE AN ONLINE EDUCATION PLATFORM UNDER THE GUANGDONG ONLINE EDUCATION PLATFORM PROJECT

AND

USE AND ACCESS OF THE CTG IPTV NETWORK AND PLATFORM UNDER THE COLLABORATION AGREEMENT

The Board is pleased to announce that on 22 April 2013 (after trading hours), Guangzhou YBDS, an indirect wholly-owned subsidiary of the Company entered into the Collaboration Agreement with China Telecom Guangdong, pursuant to which Guangzhou YBDS and China Telecom Guangdong will collaborate with each other to develop, establish and operate an online education platform under the Guangdong Online Education Platform Project. Under the Collaboration Agreement, Guangzhou YBDS agrees, inter alia, to pay to China Telecom Guangdong a total of RMB30,000,000 (equivalent to HK\$37,500,000) as the fee for using and accessing the CTG IPTV Network and Platform, which will be payable by installments within 3 years following the signing of the Collaboration Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The Fee payable by Guangzhou YBDS to China Telecom Guangdong for using and accessing the CTG IPTV Network and Platform under the Collaboration Agreement constitutes an operating lease. As one or more of the applicable percentage ratios as calculated under Chapter 19 of the GEM Listing Rules exceed(s) 25% but are less than 100%, the using and accessing of the CTG IPTV Network and Platform by Guangzhou YBDS constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under GEM Listing Rules.

So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the using and accessing of the CTG IPTV Network and Platform. In lieu of holding an extraordinary general meeting, the Company has obtained written approval on the Collaboration Agreement and the transactions contemplated thereunder (including the using and accessing of the CTG IPTV Network and Platform and the Fee payable by Guangzhou YBDS) from Happy On (a company wholly owned by Mr. Chan Foo Wing), a controlling Shareholder holding more than 50% of the nominal value of the issued share capital of the Company giving the right to attend and vote at the extraordinary general meeting if such a meeting were to convene for approving the using and accessing of the CTG IPTV Network and Platform. As such, as at the date of this announcement, the Company is not required to convene an extraordinary general meeting for approving the using and accessing of the CTG IPTV Network and Platform pursuant to Rule 19.44 of the GEM Listing Rules. As at the date of this announcement, Happy On is interested in 537,888,771 Shares, representing approximately 59.35% of the issued share capital of the Company.

A circular containing, among others, further details of the Collaboration Agreement will be despatched to Shareholders on or before 14 May 2013 in accordance with the GEM Listing Rules. If an extraordinary general meeting of Shareholders is required to be held to approve the using and accessing of the CTG IPTV Network and Platform, the said circular will also contain a notice convening such extraordinary general meeting.

The Board is pleased to announce that on 22 April 2013 (after trading hours), Guangzhou YBDS, an indirect wholly-owned subsidiary of the Company entered into the Collaboration Agreement with China Telecom Guangdong to develop, establish and operate an integrated online education platform under the Guangdong Online Education Platform Project.

Set out below are the salient terms of the Collaboration Agreement:

COLLABORATION AGREEMENT

Date

22 April 2013

Parties

- (i) Guangzhou YBDS, an indirect wholly-owned subsidiary of the Company; and
- (ii) China Telecom Guangdong, the Guangdong branch of China Telecom Corporation Limited.

The Board confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, China Telecom Guangdong, China Telecom and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Background Information

- (i) In line with the medium to long term strategic planning for the development of education in the PRC, Guangdong Department of Education 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. Guangdong Department of Education intends to standardize education of primary and secondary schools in Guangdong Province 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, Guangdong Department of Education decided to establish an online education platform.
- (ii) It is under this premise that Guangzhou YBDS and China Telecom Guangdong have decided to combine their resources by collaborating with each other to develop, establish, and operate an integrated online education platform (the “**Online Education Platform**”) under the Guangdong Online Education Platform Project to support the policy of Guangdong Department of Education.
- (iii) The Guangdong Online Education Platform Project intends to serve all education administration and research institutions, more than 20,000 primary and secondary schools and teachers, and over 18,000,000 students in Guangdong Province.

Major Terms

- (i) China Telecom Guangdong will be responsible for the construction of a specific network dedicated to the Guangdong Online Education Platform Project to facilitate the stable transmission of educational information and content covering all education administration and research institutions and all primary and secondary schools in Guangdong Province. China Telecom Guangdong will operate and maintain this dedicated network, which include upgrading and testing of the access terminals and access terminal equipment, installation services, as well as provide technical support.
- (ii) Guangzhou YBDS will be responsible for investing a total of RMB700,000,000 (equivalent to approximately HK\$875,000,000) for construction of the Online Education Platform and provide the Online Education Platform with overall management and operation services which include technical services, software and hardware, studios and work space for video recording as well as project implementation, market demand analysis, system integration, computing technology, technical support, network testing and liaising with the various education administration departments in Guangdong Province. After its establishment, all assets of the Online Education Platform will become properties of Guangzhou YBDS.

- (iii) Guangzhou YBDS will pay China Telecom Guangdong total amount of RMB30,000,000 (equivalent to approximately HK\$37,500,000) (the “**Fee**”) as the fee for using and accessing China Telecom Guangdong’s existing IPTV network and platform (the “**CTG IPTV Network and Platform**”), which will be payable by installments in 3 consecutive years following the signing of the Collaboration Agreement in the following manner:
- RMB10,000,000 (equivalent to approximately HK\$12,500,000) shall be payable within 1 year, of which RMB3,000,000 (equivalent to approximately HK\$3,750,000) shall be payable in 6 months, and RMB3,000,000 (equivalent to approximately HK\$3,750,000) and RMB4,000,000 (equivalent to approximately HK\$5,000,000) shall be payable within the following next two quarters, respectively; and
 - RMB10,000,000 (equivalent to approximately HK\$12,500,000) shall be payable in the second and third year after the signing of the Collaboration Agreement, but in any event by no later than 10 December of the corresponding year.

The Fee payable to China Telecom Guangdong was negotiated between the two parties and determined on normal commercial basis. The Board considers that the Fee is reasonable in view that the Guangdong Online Education Platform Project would gain a significant competitive advantage, from a sales and marketing perspective, as the using and accessing of the CTG IPTV Network and Platform allows the Group to have immediate access to a large pool of over 2,000,000 potential subscribers within the CTG IPTV Network and Platform. The Group expects to fund the Fee through fund raising exercises and internal resources.

- (iv) Guangzhou YBDS and China Telecom Guangdong will, through their own resources including through the CTG IPTV Network and Platform, jointly market and promote the products and services to be provide under the Guangdong Online Education Platform Project.
- (v) China Telecom Guangdong will be responsible for collecting fees from subscribers of the Online Education Platform through its existing distribution network and fee and payment collection channels.
- (vi) The revenue generated from services offered by Guangzhou YBDS under the Guangdong Online Education Platform Project will be distributed between Guangzhou YBDS (70-80%) and China Telecom Guangdong (20-30%). Details of revenue sharing arrangement, including taxation issues, will be set out in a separate supplemental agreement(s) to be entered into between the parties.

Term

The Collaboration Agreement is for a term of 11 years, which can be extended upon mutual consent by the parties in writing before expiry.

INFORMATION ON THE GROUP AND CHINA TELECOM GUANGDONG

The Group is principally engaged in provision of system integration services and other value-added technical consultation services and hardware-related business.

China Telecom Guangdong is the Guangdong branch of China Telecom. As disclosed in the 2012 annual report of China Telecom, China Telecom is a full services integrated information service operator and the world's largest wireline telecommunications, CDMA mobile network and broadband Internet services provider, providing basic telecommunications services such as wireline telecommunications services and mobile telecommunications services, and value-added telecommunications services such as Internet access services and information services in the PRC. As at the end of 2012, China Telecom has wireline access lines in service of about 163 million, wireline broadband subscribers of about 90 million and mobile subscribers of about 161 million.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE COLLABORATION AGREEMENT

The Group is expanding into the PRC market 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 produce mobile application services.

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

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

The Directors consider that the Collaboration Agreement, including the using and accessing of the CTG IPTV Network and Platform and the Fee, has been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and its Shareholders are concerned and that the entering into of the Collaboration Agreement is in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Fee payable by Guangzhou YBDS to China Telecom Guangdong for using and accessing the CTG IPTV Network and Platform under the Collaboration Agreement constitutes an operating lease. As one or more of the applicable percentage ratios as calculated under Chapter 19 of the GEM Listing Rules in respect of the using and accessing of the CTG IPTV Network and Platform exceed(s) 25% but are less than 100%, the using and accessing of the CTG IPTV Network and Platform by Guangzhou YBDS constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the using and accessing of the CTG IPTV Network and Platform. In lieu of holding an extraordinary general meeting, the Company has obtained the written approval on the Collaboration Agreement and the transactions contemplated thereunder (including the using and accessing of the CTG IPTV Network and Platform and the Fee payable by Guangzhou YBDS) from Happy On (a company wholly owned by Mr. Chan Foo Wing), a controlling Shareholder holding more than 50% of the nominal value of the issued share capital of the Company giving the right to attend and vote at the extraordinary general meeting if such a meeting were to convene for approving the using and accessing of the CTG IPTV Network and Platform. As such, as at the date of this announcement, the Company is not required to convene an extraordinary general meeting to approve the using and accessing of the CTG IPTV Network and Platform pursuant to Rule 19.44 of the GEM Listing Rules. As at the date of this announcement, Happy On is interested in 537,888,771 Shares, representing approximately 59.35% of the issued share capital of the Company.

A circular containing, among others, further details of the Collaboration Agreement, will be despatched to Shareholders on or before 14 May 2013 in accordance with the GEM Listing Rules. If an extraordinary general meeting of the Shareholders is required to be held to approve the using and accessing of the CTG IPTV Network and Platform, the said circular will also contain the notice convening such extraordinary general meeting.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“China Telecom”	China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated in the PRC with limited liability on 10 September 2002, whose shares are listed on the main board of the Stock Exchange (Stock Code: 728)

“China Telecom Guangdong”	the Guangdong branch of China Telecom
“Collaboration Agreement”	a collaboration agreement dated 22 April 2013 entered into between Guangzhou YBDS and China Telecom Guangdong in relation to the Guangdong Online Education Platform Project
“Company”	Yunbo Digital Synergy Group Limited 雲博產業集團有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“connected persons”	has the meaning as ascribed in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guangdong Department of Education”	the Department of Education of Guangdong Province of the PRC (中華人民共和國廣東省教育廳)
“Guangdong Online Education Platform Project”	the project to be implemented by Guangdong Department of Education for the establishment of an online education platform in Guangdong Province
“Guangzhou YBDS”	廣州韻博資訊科技有限公司 (Guangzhou YBDS IT Co., Ltd.*), a wholly foreign owned enterprise established on 18 September 2012 in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Happy On”	Happy On Holdings Limited, a controlling Shareholder holding 537,888,771 Shares, representing approximately 59.35% of the issued share capital of the Company as at the date of this announcement, and is wholly owned by Mr. Chan Foo Wing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPTV”	Internet Protocol Television, digital television service delivered to televisions through high speed internet (broadband) connection

“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purposes only.

Exchange rate of RMB1:HK\$1.25 has been used in this announcement for illustration purposes only.

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

Hong Kong, 22 April 2013

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

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at <http://ybd.com.hk>.