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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)**

### **PROPOSED OPEN OFFER OF NOT LESS THAN 156,250,000 AND NOT MORE THAN 178,750,000 OFFER SHARES AT A SUBSCRIPTION PRICE OF HK\$0.10 PER OFFER SHARE ON THE BASIS OF ONE OFFER SHARE FOR EVERY FOUR EXISTING SHARES HELD ON THE RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS**

#### **PROPOSED OPEN OFFER AND UNDERWRITING ARRANGEMENTS**

The Board proposes to raise not less than approximately HK\$15.6 million and not more than approximately HK\$17.9 million before expenses by issuing not less than 156,250,000 but not more than 178,750,000 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every four (4) existing Shares held on the Record Date. The Board is pleased to announce that on 31 October 2012 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and the relevant arrangements in respect of the Open Offer.

The Company proposes to carry out the Open Offer on the basis of one (1) Offer Share for every four (4) existing Shares held on the Record Date. The Open Offer involves the allotment and issue of not less than 156,250,000 but not more than 178,750,000 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share, subject to any issue of new Shares by the Company on or before the Record Date.

The Open Offer will be fully underwritten by the Underwriter, other than the Offer Shares that will be provisionally allotted to and have been undertaken to be taken up by the Underwriter pursuant to the Underwriting Agreement.

The gross proceeds of the Open Offer will be not less than approximately HK\$15.6 million and not more than approximately HK\$17.9 million. It is expected that the aggregate expenses of the Company to be incurred in connection with the Open Offer will be approximately HK\$667,000. The Company plans to use the net cash proceeds from the Open Offer of not less than approximately HK\$14.96 million and not more than approximately HK\$17.21 million for paying up the amount of the registered capital of Guangzhou YBDS, of which approximately HK\$14 million will then be utilised to settle the Purchase Order and the balance of the net cash proceeds will be retained as general working capital.

#### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES**

**The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out below under the section headed “Conditions of the Open Offer”. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as mentioned below. The Open Offer is also subject to the Underwriting Agreement not being terminated by the Underwriter. Accordingly, the Open Offer may or may not proceed.**

**Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.**

#### **GEM LISTING RULES IMPLICATIONS**

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Open Offer is not subject to Shareholders’ approval under the GEM Listing Rules. Under the GEM Listing Rules, the Underwriter is a controlling Shareholder and thus regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction under Chapter 20 of the GEM Listing Rules but are, pursuant to Rule 20.31(3)(c) of the GEM Listing Rules, exempt from the reporting, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. The Open Offer will be carried out in compliance with Rule 10.42(1) of the GEM Listing Rules.

#### **GENERAL**

The Company will despatch the Prospectus Documents containing, among other matters, details of the Open Offer, to the Qualifying Shareholders as soon as practicable. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only but the Company will not despatch any Application Forms and excess application forms to the Non-Qualifying Shareholders.

## PROPOSED OPEN OFFER

The Board proposes to raise not less than approximately HK\$15.6 million and not more than approximately HK\$17.9 million before expenses by issuing not less than 156,250,000 but not more than 178,750,000 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every four (4) existing Shares held on the Record Date. The Board is pleased to announce that on 31 October 2012 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and the relevant arrangements in respect of the Open Offer. Details of the proposed Open Offer are set out as follows:

### Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every four (4) existing Shares held on the Record Date
Number of Shares in issue as at the date of this announcement:	625,000,000 Shares
Number of Offer Shares:	Not less than 156,250,000 but not more than 178,750,000 Offer Shares
Number of Offer Shares underwritten by the Underwriter:	Not less than 51,249,500 but not more than 73,749,500 Offer Shares
Subscription Price:	HK\$0.10 per Offer Share
Underwriting arrangement:	Fully underwritten by the Underwriter
Enlarged issued share capital upon completion of the Open Offer assuming no further issue of new Shares:	Not less than 781,250,000 but not more than 893,750,000 Shares (assuming fully exercise of the rights attached to the Outstanding Warrants)

As at the date of this announcement, the Company has the Outstanding Warrants in issue entitling the holders to subscribe for a maximum of 30,000,000 and 60,000,000 Shares at the initial subscription price of HK\$0.185 and HK\$0.141 per Share (subject to adjustments), respectively at any time for a period of 5 years immediately after the respective date of their issue.

Save as disclosed above, the Company has no other options, warrants or other securities convertible or exchangeable into or giving rights to the holders thereof to subscribe or exchange for the Shares as at the date of this announcement.

Pursuant to the Underwriting Agreement, the Underwriter has agreed and undertaken to subscribe for and Mr. Chan has agreed and undertaken to procure the subscription by the Underwriter of an aggregate of 105,000,500 Offer Shares pursuant to the full entitlement of the Underwriter under the Open Offer.

As at the date of this announcement, the Board has not received any information from any substantial Shareholders, other than the Underwriter, or Directors of their intention to take up the Offer Shares.

Save as disclosed above, as at the date of this announcement, no Shareholder has undertaken to take up his or its entitlement in full or in part of the Offer Shares under the Open Offer.

The number of Offer Shares to be issued pursuant to the terms of the Open Offer represents approximately 25% of the Company's existing issued share capital and approximately 20% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will despatch (i) the Prospectus Documents to the Qualifying Shareholders and (ii) if and to the extent legally and practically permissible, the Prospectus, for information purposes only, to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must, at the close of business on the Record Date, (i) be registered as a member on the register of members of the Company; and (ii) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, any transfers of Shares must be lodged, as the case may be, together with the relevant share certificates with the Registrar, by 4:30 p.m. on Thursday, 15 November 2012.

### **Closure of register of members**

The register of members of the Company will be closed from Friday, 16 November 2012 to Tuesday, 20 November 2012, both days inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Share will be registered during this period.

### **Subscription price**

The Subscription Price under the Offer Shares is HK\$0.10 per Offer Share, payable in cash and in full when a Qualifying Shareholder accepts the relevant provisional allotment under the Open Offer.

The Subscription Price of HK\$0.10 per Offer Share represents:

- (i) a discount of approximately 44.44% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange as at the date of this announcement;
- (ii) a discount of approximately 52.56% to the average closing price of HK\$0.2108 per Share for the last 5 consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement;

- (iii) a discount of approximately 54.57% to the average closing price of HK\$0.2201 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement; and
- (iv) a discount of approximately 39.02% to the theoretical ex-entitlement price of HK\$0.164 per Share calculated based on the closing price per Share as quoted on the Stock Exchange as at the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price, the par value of the Shares and the financial requirements of the Company. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his shareholding in the Company on the Record Date and is also entitled to apply for excess Offer Shares in addition to their entitlements under the Open Offer. The Directors consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming that there is no exercise of subscription rights attached to the Outstanding Warrant on or prior to the Record Date, the price after expenses per Offer Share will be approximately HK\$0.096.

### **Basis of allotment**

The basis of the allotment shall be one (1) Offer Share for every four (4) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

### **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the then existing Shares in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Rights of Overseas Shareholders and Non-Qualifying Shareholders**

If at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 17.41 of the GEM Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders. The Company will disclose the results of the enquiry in the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders.

### **Applications for excess Offer Shares**

The Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled, any assured allotments of Offer Shares which have not been accepted by Qualifying Shareholders, and Offer Shares created by aggregation of fractional Offer Shares, will be available for excess application by the Qualifying Shareholders. Application may be made only by the Qualifying Shareholders by completing an excess application form and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis in proportion to the number of excess Offer Shares being applied for under each application.

However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares. Any Offer Shares not applied for by the Qualifying Shareholders and not taken by excess application will be taken up by the Underwriter.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Offer Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. on Thursday, 15 November 2012.

### **Fractional entitlements**

Fractional entitlements of Offer Shares will not be allotted and will be aggregated. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Qualifying Shareholders who have applied for the excess Offer Shares. The remaining Offer Shares not taken up by the Qualifying Shareholders shall be taken up by the Underwriter.

## **Share certificates for the Offer Shares and refund cheques for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer set out herein below, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Thursday, 13 December 2012 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares (if any) are expected to be posted on or before Thursday, 13 December 2012 by ordinary post to the applicants at their own risk.

### **Application for listing**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares in fully-paid form.

Dealings in the Offer Shares in fully-paid form in board lots of 2,000 Shares, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

Date:	31 October 2012
Underwriter:	Happy On Holdings
Guarantor:	Mr. Chan
Number of Offer Shares underwritten by the Underwriter:	Not less than 51,249,500 but not more than 73,749,500 Offer Shares
Commission:	Nil

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Underwritten Shares subject to terms and conditions set out in the Underwriting Agreement in particular the fulfillment of the conditions contained therein. The Underwriter is a controlling Shareholder as at the date of this announcement, holding approximately 67.20% of the existing issued share capital of the Company. The ordinary course of business of the Underwriter does not include underwriting.

No underwriting fee or commission shall be payable to the Underwriter of its underwriting obligations and taking up of the Offer Shares which have not been taken up by the Qualifying Shareholders and not taken by excess application. The Company considers that no underwriting fee or commission charged by the Underwriter is beneficial to the Company and allows the Company to reduce significantly the costs and expenses in conducting the Open Offer if a registered brokerage firm or an investment bank is appointed as the underwriter.

The Underwriter is a controlling Shareholder and thus, a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company. Pursuant to Rule 20.31(3)(c) of the GEM Listing Rules, if arrangements have been made in relation to excess applications in compliance with Rule 10.42 of the GEM Listing Rules, the transactions contemplated under the Underwriting Agreement will be exempted from all reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **Conditions of the Open Offer**

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional, among other things, on each of the following conditions being fulfilled:

- (a) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof;
- (b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;
- (c) the posting of the Prospectus Documents to Qualifying Shareholders on or before the Prospectus Posting Date;
- (d) the GEM Listing Committee of the Stock Exchange (i) granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Offer Shares (in their fully paid form) on or before the Latest Time for Acceptance; and (ii) not having withdrawn or revoked such listing of and permission to deal in all the Offer Shares before 4:00 p.m. on the third Business Day after the Latest Time for Acceptance; and



- (e) trading in the Shares on the Stock Exchange not being suspended for more than five consecutive Business Days at any time prior to the Latest Time for Termination of the Underwriting Agreement (excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer).

Apart from condition (a) which can be waived by the Underwriter, the conditions set out above are not capable of being waived. If the conditions of the Open Offer under the Underwriting Agreement are not fulfilled (or waived, as the case may be) by the relevant dates and times specified in the Underwriting Agreement (or, in each case, such later date or time as the Underwriter may agree in writing with the Company pursuant to the Underwriting Agreement), the Underwriting Agreement shall be terminated and no party thereto shall have any claim against any other party save for certain antecedent breaches and liabilities as provided under the Underwriting Agreement. If the Underwriting Agreement is terminated in accordance with its terms, the Open Offer will not proceed.

### **Termination of the Underwriting Agreement**

The Underwriter may (after consultation with the Company and/or its advisers as the circumstances shall admit) rescind the Underwriting Agreement by notice in writing to the Company on its own behalf and on behalf of all other parties to the Underwriting Agreement at any time up to Latest Time for Termination if any of the following events occurs:

- (a) there has introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there has been occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer.

**If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.**

## **WARNING OF THE RISKS OF DEALING IN THE SHARES**

**The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out herein under the section headed “Conditions of the Open Offer”. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as mentioned herein. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.**

**Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.**

## **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

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

As set out in the announcement of the Company dated 17 August 2012, the Group has been granted the approval from Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality (廣州市對外貿易經濟合作局) for the establishment of a wholly foreign owned enterprise in the PRC, namely 廣州韻博信息科技有限公司 (GUANGZHOU YBDS IT Co., Ltd) (“**Guangzhou YBDS**”). The business licence of Guangzhou YBDS has also been granted on 18 September 2012. Guangzhou YBDS was set up by the Group for the business of (i) the manufacture of ancillary high-tech software and hardware products and services; and (ii) the development and establishment of an integrated platform for the distribution of mobile or wireless products and provision of value added services. The Group will also consider to set up joint venture arrangements(s) with multinational companies for the introduction and procurement of mobile application services within the telecommunication industry in the PRC through Guangzhou YBDS. Following the establishment of Guangzhou YBDS and for the purpose of its normal course of business, Guangzhou YBDS has placed order (“**Purchase Order**”) for the purchase of certain relevant equipments for sales to its customers.

As referred to in the announcements of the Company dated 17 May 2012 and 6 July 2012, in aggregate of approximately HK\$4.96 million has been raised from the placing of new Shares and non-listed Warrants, in which HK\$1.5 million has been utilised for the establishment of Guangzhou YBDS.

The gross proceeds of the Open Offer will be not less than approximately HK\$15.6 million and not more than approximately HK\$17.9 million. It is expected that the aggregate expenses of the Company to be incurred in connection with the Open Offer will be approximately HK\$667,000. The Company plans to use the net cash proceeds from the Open Offer of not less than approximately HK\$14.96 million and not more than approximately HK\$17.21 million for paying up the amount of the registered capital of Guangzhou YBDS, of which approximately HK\$14 million will then be utilised to settle the Purchase Order and the balance of the net cash proceeds will be retained as general working capital.

The Directors are of the view that the Open Offer will enable the Company to raise funds for the abovementioned purposes which may otherwise require the drawdown of interest bearing bank facilities, and to provide an opportunity to all Shareholders to participate in the growth of the Company in proportion to their shareholdings.

Having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

#### **ADJUSTMENTS IN RELATION TO THE WARRANTS**

As at the date of this announcement, the Company has 90,000,000 Outstanding Warrants which in aggregate entitle holders thereof to subscribe for 90,000,000 Shares.

Subject to the confirmation of the auditors of the Company or (as the case may be) the relevant approved merchant bank, the issue of the Offer Shares may cause adjustments to the subscription price of the Warrants. The Company will appoint its auditors or (as the case may be) an approved merchant bank to review and certify the basis of such adjustments as soon as possible. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

## PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Estimated net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
17 May 2012	Placing 15,000,000 new Shares and 30,000,000 non-listed Warrants both under the general mandate	Approximately HK\$2,705,625 and HK\$292,500 respectively for the placing and approximately HK\$5,550,000 upon exercise of 30,000,000 Warrants	Establishment of two wholly foreign owned enterprises in the PRC	Approximately HK\$1.5 million has been utilised as intended
6 July 2012	Placing 10,000,000 new Shares and 60,000,000 non-listed Warrants both under the general mandate	Approximately HK\$1,374,750 and HK\$585,000 respectively for the placing and approximately HK\$8,460,000 upon exercise of 60,000,000 Warrants	Establishment of two wholly foreign owned enterprises in the PRC	Not yet utilised

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of this announcement.

## SHAREHOLDING IN THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Open Offer, on the basis of the public information available to the Company as of the date of this announcement, after the Directors having made reasonable enquiries and assuming there is no other changes in the shareholding structure of the Company since the date of this announcement:

Shareholders	Upon completion of the Open Offer									
	As at the date of this announcement		Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer and no subscription of Warrants Shares		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer but no subscription of Warrants Shares		Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer and full subscription of Warrants Shares by the relevant holders		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer and full subscription of Warrants Shares by the relevant holders	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Happy On Holdings	420,002,000	67.20	576,252,000	73.76	525,002,500	67.20	598,752,000	66.99	525,002,500	58.74
Public Shareholders	204,998,000	32.80	204,998,000	26.24	256,247,500	32.80	294,998,000	33.01	368,747,500	41.26
Total	625,000,000	100.00	781,250,000	100.00	781,250,000	100.00	893,750,000	100.00	893,750,000	100.00

## EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

<b>Event</b>	<b>2012</b>
Last day of dealings in Shares on a cum-entitlements basis . . . . .	Tuesday, 13 November
First day of dealings in Shares on an ex-entitlements basis . . . . .	Wednesday, 14 November
Latest time for lodging transfers of Shares accompanied by the relevant title documents in order to qualify for the Open Offer . . . . .	4:30 p.m. on Thursday, 15 November
Register of members closed ( <i>both days inclusive</i> ) . . . . .	Friday, 16 November to Tuesday, 20 November
Record Date for the Open Offer . . . . .	Tuesday, 20 November
Register of members re-opens . . . . .	Wednesday, 21 November
Despatch of the Prospectus Documents . . . . .	Wednesday, 21 November
Latest time for payment for and acceptance of the Offer Shares. . . . .	4:00 p.m. on Wednesday, 5 December
Latest time for the Open Offer to become unconditional . . . . .	4:00 p.m. on Monday, 10 December
Announcement of results of the Open Offer . . . . .	Wednesday, 12 December
Despatch of refund cheques in respect of wholly and partially unsuccessful excess applications . . . . .	Thursday, 13 December
Share certificates of the Offer Shares to be posted. . . . .	Thursday, 13 December
Dealings in fully-paid Offer Shares commences . . . . .	Friday, 14 December

## **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 5 December 2012. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event accordingly.

## **GENERAL**

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Open Offer is not subject to Shareholders’ approval under the GEM Listing Rules. Under the GEM Listing Rules, the Underwriter is a controlling Shareholder and thus regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction under Chapter 20 of the GEM Listing Rules but are, pursuant to Rule 20.31(3)(c) of the GEM Listing Rules, exempt from the reporting, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. The Open Offer will be carried out in compliance with Rule 10.42(1) of the GEM Listing Rules.

The Company will despatch the Prospectus Documents containing, among other matters, details of the Open Offer, to the Qualifying Shareholders as soon as practicable. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only but the Company will not despatch any Application Forms and excess application forms to the Non-Qualifying Shareholders.

## DEFINITIONS

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

“Application Form”	the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted between 9:00 a.m. to 12:00 noon and is not lowered or discontinued at or before 12:00) on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Companies Ordinance”	Companies Ordinance (Cap.32 of the Laws of Hong Kong)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Happy On Holdings”	Happy On Holdings Limited, the controlling Shareholder of the Company, holding approximately 67.20% of the issued share capital of the Company as at the date of this announcement, which is wholly-owned by Mr. Chan
“HKSCC”	Hong Kong Securities Clearing Company Limited



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Time for Acceptance”	4:00 p.m. on 5 December 2012 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on the third Business Day following the Latest Time for Acceptance, which is expected to be 10 December 2012, being the latest time for terminating the Underwriting Agreement
“Mr. Chan”	Mr. Chan Foo Wing, the ultimate beneficial owner and the sole director of Happy On Holdings
“Non-Qualifying Shareholders”	Overseas Shareholders in respect of whom the Board, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places
“Offer Shares”	new Shares to be allotted and issued under the Open Offer, being not less than 156,250,000 but not more than 178,750,000 Shares
“Open Offer”	the proposed offer for subscription of one (1) Offer Share for every four (4) existing Shares held on the Record Date at the Subscription Price
“Outstanding Warrants”	outstanding Warrants to subscribe for a maximum of 90,000,000 Shares as at the date hereof pursuant to the Warrant Instruments
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register are in a place(s) outside Hong Kong
“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
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form and the excess application form

“Prospectus Posting Day”	21 November 2012 or such later date as may be designated by the Company, being the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to Non-Qualifying Shareholders (if and to the extent legally and practically permissible) for their information
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	20 November 2012 or such other date as may be agreed between the Company and the Underwriter, being the date by reference to which entitlements to the Open Offer are to be determined
“Registrar”	Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share
“Underwriter”	Happy On Holdings, the underwriter for the Open Offer
“Underwriting Agreement”	the underwriting agreement dated 31 October 2012 entered into between the Company and the Underwriter in relation to the underwriting and the relevant arrangements in respect of the Open Offer
“Underwritten Shares”	not less than 51,249,500 but not more than 73,749,500 Offer Shares, being all Offer Shares deducting the Offer Shares to be allotted to the Underwriter on an assured basis, which have been undertaken to be accepted and subscribed by it pursuant to the Underwriting Agreement
“Warrant(s)”	warrant which carries the right to subscribe for Shares pursuant to the Warrant Instruments

“Warrant Instruments”	instruments dated 4 June 2012 and 26 July 2012, respectively, relating to Warrants in registered form to subscribe for Shares, details of which are set out in the announcement of the Company dated 17 May 2012 and 6 July 2012 respectively
“Warrant Shares”	up to a maximum of 90,000,000 Shares to be allotted and issued by the Company upon the exercise by the holder of the Warrants of the subscription rights attached to the Warrants
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 31 October 2012

*As at the date of this announcement, 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 Zhiquan and Dr. Wong Wing Lit.*

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

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