# 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)**

## THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

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

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

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

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

The board of Directors (the "**Board**") of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months and nine months ended 31 December 2016 together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 December 2016

| | | **Three months ended 31 December** | | **Nine months ended 31 December** | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| | Note | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) |
| **Revenue** | 3 | **9,088** | 102,715 | **29,745** | 298,342 |
| Cost of sales and services | | **(5,340)** | (82,217) | **(20,196)** | (246,413) |
| **Gross profit** | | **3,748** | 20,498 | **9,549** | 51,929 |
| Other income | | **2,112** | 558 | **3,124** | 1,749 |
| Distribution costs | | **(3,683)** | (5,831) | **(9,642)** | (14,215) |
| Administrative expenses | | **(19,915)** | (10,743) | **(35,072)** | (30,145) |
| Finance costs | | **–** | (22) | **–** | (22) |
| **(Loss)/Profit before taxation** | | **(17,738)** | 4,460 | **(32,041)** | 9,296 |
| Taxation | 4 | **2,380** | (2,389) | **1,121** | (3,322) |
| **(Loss)/Profit for the period** | | **(15,358)** | 2,071 | **(30,920)** | 5,974 |
| **Other comprehensive expense** | | | | | |
| Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss | | **(2,222)** | (1,605) | **(4,799)** | (4,914) |
| **Other comprehensive expense for the period, net of tax** | | **(2,222)** | (1,605) | **(4,799)** | (4,914) |
| **Total comprehensive (expense)/ income for the period, net of tax** | | **(17,580)** | 466 | **(35,719)** | 1,060 |

| | Note | Three months ended 31 December | | Nine months ended 31 December | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| | | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) |
| **(Loss)/Profit for the period attributable to:** | | | | | |
| Owners of the Company | | **(8,007)** | 1,338 | **(18,777)** | 3,458 |
| Non-controlling interests | | **(7,351)** | 733 | **(12,143)** | 2,516 |
| | | **(15,358)** | 2,071 | **(30,920)** | 5,974 |
| **Total comprehensive (expense)/ income for the period attributable to:** | | | | | |
| Owners of the Company | | **(10,033)** | 1,661 | **(22,901)** | (308) |
| Non-controlling interests | | **(7,547)** | (1,195) | **(12,818)** | 1,368 |
| | | **(17,580)** | 466 | **(35,719)** | 1,060 |
| **(Loss)/Earnings per share attributable to the owners of the Company** | | | | | |
| – Basic (in HK cents) | 5 | **(0.59)** | 0.10 | **(1.38)** | 0.25 |
| – Diluted (in HK cents) | 5 | **(0.59)** | 0.09 | **(1.38)** | 0.24 |

Notes:

## 1. GENERAL INFORMATION

Yunbo Digital Synergy Group Limited (the "**Company**") (together its subsidiaries, the "**Group**") was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Room 1602, 16/F., AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group is principally engaged in the provision of system integration services and other value-added technical consultation services and hardware-related business. The Group has also expanded into the People's Republic of China (the "**PRC**") market in the areas of manufacturing of ancillary high-tech software and hardware products; developing and establishing integrated online platforms for distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application services, among others.

In the opinion of the directors of the Company, the parent and ultimate holding company of the Company is Happy On Holdings Limited ("**Happy On**"), which is incorporated in the British Virgin Islands.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2016 (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 2016 (the "**2016 Annual Financial Statements**"). The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2016 Annual Financial Statements, except for the adoption of the new or amended HKFRSs which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2016.

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.

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

## 3. 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:

| | **Three months ended 31 December** | | **Nine months ended 31 December** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) |
| **Revenue:** | | | | |
| Hardware | **7,559** | 100,722 | **23,611** | 292,167 |
| Software | **35** | 237 | **865** | 1,263 |
| Services | **1,494** | 1,756 | **5,269** | 4,912 |
| | **9,088** | 102,715 | **29,745** | 298,342 |

## 4. TAXATION

No provision for Hong Kong profits tax has been made for the three months and nine months ended 31 December 2016 and 2015 as the Group had incurred losses for taxation purpose in Hong Kong. The PRC enterprise income tax has been provided at the rate of 25% (nine months and three months ended 31 December 2015: 25%). No provision for PRC enterprise income tax has been made as the Group had incurred losses for taxation purpose in the PRC on the estimated assessable profit for the nine months and three months ended 31 December 2016.

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) |
| **PRC enterprise income tax** | | | | |
| Current period | **195** | 2,389 | **1,454** | 3,322 |
| Over-provision in prior years | **(2,575)** | – | **(2,575)** | – |
| Taxation | **(2,380)** | 2,389 | **(1,121)** | 3,322 |

Deferred tax has not been provided for the Group because the Group had no material temporary differences at the reporting date (31 December 2015: Nil).

## 5. (LOSS)/EARNINGS PER SHARE

Basic loss per share for the three months and nine months ended 31 December 2016 is calculated by dividing the loss attributable to owners of the Company for the period of approximately HK$8,007,000 and approximately HK$18,777,000 respectively (three months and nine months ended 31 December 2015: profit of approximately HK$1,338,000 and approximately HK$3,458,000 respectively) by the weighted average number of 1,356,250,000 (three months and nine months ended 31 December 2015: weighted average number of 1,356,250,000) ordinary shares in issue during the periods.

Diluted loss per share for the three months and nine months ended 31 December 2016 equals to the basic loss per share as the potential ordinary shares on exercise of warrants were not included in the calculation of diluted loss per share because they are anti-dilutive.

Diluted earnings per share for the three months and nine months ended 31 December 2015 is calculated by dividing the profit attributable to owners of the Company for the period of approximately HK$1,338,000 and approximately HK$3,458,000 respectively by the weighted average number of 1,356,250,000 ordinary shares in issue during the period and adjusting for the potential ordinary shares on exercise of 90,000,000 warrants for converting into ordinary shares.

Details of calculation of (loss)/earnings per share:

| | **Three months ended 31 December** | | **Nine months ended 31 December** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) |
| (Loss)/Profit attributable to owners of the Company (HK$'000) | **(8,007)** | 1,338 | **(18,777)** | 3,458 |
| Weighted average number of ordinary shares in issue during the period for the purpose of basic (loss)/earnings per share (in thousands) | **1,356,250** | 1,356,250 | **1,356,250** | 1,356,250 |
| Effect of dilutive potential ordinary shares on exercise of warrants | **71,483** | 83,732 | **75,364** | 85,879 |
| Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share (in thousands) | **1,427,733** | 1,439,982 | **1,431,614** | 1,442,129 |
| | **HK cents** | HK cents | **HK cents** | HK cents |
| Basic (loss)/earnings per share | **(0.59)** | 0.10 | **(1.38)** | 0.25 |
| Diluted (loss)/earnings per share | **(0.59)** | 0.09 | **(1.38)** | 0.24 |

## 6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2016 (nine months ended 31 December 2015: Nil).

## 7. RESERVES

For the nine months ended 31 December 2016

| | Share premium HK$'000 (unaudited) | Warrant reserve HK$'000 (unaudited) | Translation reserve HK$'000 (unaudited) | Accumulated losses HK$'000 (unaudited) | Non-controlling interest HK$'000 (unaudited) | Total HK$'000 (unaudited) |
|---|---|---|---|---|---|---|
| As at 1 April 2015 | 99,935 | 900 | 605 | (117,201) | 20,801 | 5,040 |
| Profit for the period | – | – | – | 3,458 | 2,516 | 5,974 |
| **Other comprehensive (expense)/income** | | | | | | |
| Exchange differences arising on translation of foreign operations | – | – | (3,766) | – | (1,148) | (4,914) |
| **Total comprehensive (expense)/income** | – | – | (3,766) | 3,458 | 1,368 | 1,060 |
| As at 31 December 2015 | 99,935 | 900 | (3,161) | (113,743) | 22,169 | 6,100 |
| As at 1 April 2016 | **99,935** | **900** | **(2,377)** | **(121,454)** | **18,160** | **(4,836)** |
| Loss for the period | **–** | **–** | **–** | **(18,777)** | **(12,143)** | **(30,920)** |
| **Other comprehensive expense** | **–** | **–** | **–** | **–** | **–** | **–** |
| Exchange differences arising on translation of foreign operations | **–** | **–** | **(4,124)** | **–** | **(675)** | **(4,799)** |
| Disposal of subsidiaries | **–** | **–** | **–** | **–** | **173** | **173** |
| **Total comprehensive expense** | **–** | **–** | **(4,124)** | **(18,777)** | **(12,645)** | **(35,546)** |
| As at 31 December 2016 | **99,935** | **900** | **(6,501)** | **(140,231)** | **5,515** | **(40,382)** |

## REVIEW AND PROSPECTS

### Financial review

During the nine months ended 31 December 2016, the Group recorded revenue of approximately HK$29,745,000, representing a decrease of approximately 90% when compared with the corresponding period last year of approximately HK$298,342,000.

Loss before income tax of the Group for the nine months ended 31 December 2016 was approximately HK$32,041,000, compared with profit before income tax of approximately HK$9,296,000 for the corresponding period last year. Loss attributable to owners of the Company for the nine months ended 31 December 2016 was approximately HK$18,777,000 compared with profit attributable to owners of the Company of approximately HK$3,458,000 for the corresponding period last year.

### Business review

During the period in review, the significant decrease in revenue was principally due to the market being overcrowded with an overwhelming number of Ethernet-Passive Optical Network ("**E-PON**") equipment and Gigabit-Passive Optical Network ("**G-PON**") equipment suppliers which had greatly increased the level of competition. The number of E-PON equipment being traded by China Mobile Payment Technology Group Company Limited (中國支付科技集團有限公司) ("**China Mobile Payment**") had fallen dramatically by more than 88.23% when compared with the corresponding period last year. As such, the total sales volume had proportionately fallen by more than 88.85% with the average price of each E-PON equipment unit having fallen by approximately 5.32%. China Mobile Payment had underestimated the level of market competition and were unsuccessful in all of their bids to supply G-PON equipment. As such, it did not record any trading of G-PON equipment, and it had written off slow moving inventories of approximately HK$10,000,000. In view, the Company will monitor the changes in market conditions more closely in hopes of regaining lost market share without having to sacrifice pricing.

### Prospects

The Company continues to work directly with 中國移動(深圳)有限公司 (China Mobile (Shenzhen) Company Limited*) ("**China Mobile Shenzhen**"), assisting them with the development and construction of their unified payment system platform as well as the monitoring and management system. Thus far, the initial phase of the unified payment system platform as well as phases I & II of the monitoring and management system have been completed, we are still holding ongoing discussions with China Mobile Shenzhen on how to further this project and its eventual implementation.

Once the unified payment system platform is completed and successfully implemented, the management believes it is possible to replicate this model and sell it to other units and/or subsidiaries of China Mobile Limited (stock code: 941). Moreover, we will have the opportunity to induce large enterprises and multinational companies within the PRC, such as China Telecommunications Corporation (中國電信集團公司), or the now developing points of sale ("**POS**") terminal payment network, to participate in promoting the widespread use of this platform.

The Company and Aspire Information Technologies (Beijing) Co., Ltd. (卓望信息技術（北京）有限公司) ("**Aspire**") remain highly committed to work together in a manner that is mutually beneficial to both parties under the agency framework agreement. We continue to be in close contact with Aspire with ongoing dialogues on developing a proposed form of joint cooperation with a view to promote and distribute Aspire's unified communications businesses. Management is confident that these discussions will come to fruition in the near term.

The Company started working with 天翼電子商務有限公司上海分公司 (Shanghai China Telecom Bestpay E-commerce Ltd.*) ("**Shanghai CT E-commerce**") from 2015 on the development and construction of the e-commerce network platform of payment and settlement function and POS installation and its promotion to enhance products competitiveness and enrichment of services to customers. As of 31 December 2016, the Company has already completed the installation of 300 POS terminals in certain retail locations under one network.

Shanghai CT E-commerce, through their Bestpay (翼支付) platform, has committed to provide clearing services for non-cash payments under the new platform currently under development. Over the course of time as the project develops and matures, we strongly believe that this project will bring in other business opportunities for the Group to participate in, such as additional installation of POS terminals in other retail locations within the network in the PRC, revenue sharing arrangement, and technical advisory services, among others. From management's perspective, the opportunity at hand is quite promising and has great potential.

The Directors believe that mobile phone has become the ultimate terminal for consumer mobile applications globally. Our continuing, ongoing and existing business development on the unified payment system platform in various projects and our excellent business relationships with key players within the telecommunications industry will create synergy and enhance cooperation amongst the parties concerned to provide consumer-friendly payment services using the mobile phone as a terminal for mobile applications in business, entertainment, work and in daily life. Irrespective of the transaction amounts involved, the cooperation serves as a stepping stone to expand our coverage for online and offline payment services, which is in line with the Group's strategy of designing, developing, manufacturing and operating leading products for mobile networks as well as online and offline payment services, and is expected to generate further revenue for the Group.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

To ensure that the Company is financially stable with sufficient financial resources to continue the development of its proposed projects, the Company had on 5 August 2013, raised net proceeds of approximately HK$100 million through a subscription (the "**Subscription**"). Immediately after the completion of the Subscription, Happy On held 987,888,771 shares of the Company, representing approximately 72.83% of the total issued share capital of the Company.

As stipulated in the circular of the Company dated 11 July 2013, such proceeds were to be applied in the following manner:

(i) approximately HK$30,000,000 will be used to pay up the remaining registered capital of 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 YBDS**");

(ii) approximately HK$50,000,000 will be used as further investment for contribution towards the total investment amounts of Guangzhou YBDS and Beijing YBDS; and

(iii) the remaining balance as general working capital of the Company.

The Company had previously applied approximately HK$9,400,000 (or approximately RMB7,350,000) and approximately HK$5,500,000 (or approximately RMB4,330,000) of the proceeds to pay up the remaining initial registered capital of RMB20,000,000 and increased registered capital of RMB20,000,000 of Guangzhou YBDS, respectively. During the year ended 31 March 2015, the Company had applied approximately HK$19,785,000 (or approximately RMB15,670,000) of the proceeds to pay up the outstanding remaining increased registered capital of Guangzhou YBDS.

At the time of the Subscription, only 20% of the registered capital or RMB4 million of Beijing YBDS has been paid up with the remaining 80% or RMB16 million due to be paid on or before 18 December 2014. The Company had intended to apply to the Bureau of Foreign Trade and Economic Cooperation of Beijing Municipality (北京市對外貿易經濟合作局) to increase the registered capital of Beijing YBDS from RMB20 million to RMB40 million and its total investment from RMB40 million to RMB80 million. A sum of approximately HK$45.5 million from the proceeds of the Subscription was earmarked for paying up the initial registered capital and increased registered capital of Beijing YBDS (the "**Capital Increase**"). The intent of the Capital Increase was to enable the Group's subsidiaries to meet the minimum capital threshold requirement when submitting bids for proposed projects offered by the relevant telecommunications service providers in the PRC.

Given the Company has acquired China Mobile Payment on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bids submission, this corporate action is no longer deemed to be necessary. The Company has already commenced the process of deregistration of Beijing YBDS. De-registration has entered into the final stage and is pending for the approval of PRC authority.

Moreover, the Company intends to apply the aforesaid earmarked proceeds of approximately HK$45.5 million for new potential projects and for general working capital purposes. As at the date of this announcement, the Company has not identified any potential projects.

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

As at 31 December 2016, Mr. Wang Xiaoqi is interested in 382,000 ordinary shares of the Company, representing approximately 0.028% of the total number of ordinary shares of the Company. Saved as disclosed above, none of the Directors and chief executives of the Company had any other interests or short positions in the shares, underlying shares or debentures 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 listed issuer and the Stock Exchange pursuant to the required standards of dealing by directors of listed issuer as referred to in Rules 5.46 of the GEM Listing Rules.

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

As at 31 December 2016, so far as the Directors are aware of and having made due enquires, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

| **Name of shareholder** | **Capacity** | **Number of issued ordinary shares held** (Note 2) | **Approximate percentage of issued share capital as at 31 December 2016** (Note 3) |
|---|---|---|---|
| Happy On (Note 1) | Beneficial owner | 987,888,771 (L) | 72.83% |
| Mr. Chan Foo Wing ("**Mr. Chan**") (Note 1) | Interest in a controlled corporation | 987,888,771 (L) | 72.83% |

Notes:

1. As Mr. Chan is the ultimate beneficial owner and the sole director of Happy On, by virtue of the SFO, Mr. Chan is deemed to be interested in the 987,888,771 shares of the Company held by Happy On.

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

3. Based on 1,356,250,000 shares of the Company in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, so far as the Directors are aware of and having made due enquiries, there were no other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the nine months ended 31 December 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## OPTIONS TO SUBSCRIBE FOR SHARES IN THE COMPANY

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

No options were granted under the share option scheme since its adoption by the Company or outstanding, lapsed, cancelled or exercised at any time during the nine months ended 31 December 2016.

## 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 nine months ended 31 December 2016.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this announcement, none of the Directors, or the initial management shareholders or the substantial shareholders of the Company or their respective close 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.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

## 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 nine months ended 31 December 2016.

## AUDIT COMMITTEE

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

The unaudited consolidated results of the Group for the nine months ended 31 December 2016 have been reviewed by the Audit Committee.

By order of the Board
**Yunbo Digital Synergy Group Limited**
**Mr. Wang Xiaoqi**
*Director*

Hong Kong, 14 February 2017

*As at the date of this announcement, the executive Directors are Mr. Lam Chi Man and Mr. Wang Xiaoqi, the independent non-executive Directors are Mr. Lam Wing Keung, Dr. Wong Wing Lit, Mr. Gao Ping and Mr. Tse Yee Hin, Tony.*

*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://www.ybds.com.hk.*

* *For identification purpose only*