雲博產業

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 REPORT
2013/2014

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

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

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

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

The board of Directors (the "**Board**") of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months and nine months ended 31 December 2013 together with the unaudited comparative figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 December 2013

	Note	**Three months ended 31 December**		**Nine months ended 31 December**	
		2013	2012	**2013**	2012
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	3	**8,256**	25,385	**20,193**	35,106
Cost of sales		**(6,708)**	(23,949)	**(16,870)**	(31,968)
Gross profit		**1,548**	1,436	**3,323**	3,138
Other income		**96**	98	**258**	431
Distribution costs		**(7)**	(9)	**(27)**	(32)
Administrative expenses		**(4,911)**	(4,582)	**(13,716)**	(11,032)
Finance costs		**–**	(14)	**(13)**	(87)
Loss before income tax		**(3,274)**	(3,071)	**(10,175)**	(7,582)
Income tax expense	4	**(2)**	–	**(8)**	–
Loss for the period		**(3,276)**	(3,071)	**(10,183)**	(7,582)
Other comprehensive income/(expense)					
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**189**	(58)	**612**	(58)
Other comprehensive income/(expense) for the period, net of tax		**189**	(58)	**612**	(58)
Total comprehensive expense for the period, net of tax		**(3,087)**	(3,129)	**(9,571)**	(7,640)

	Note	Three months ended 31 December		Nine months ended 31 December	
		2013	2012	**2013**	2012
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss for the period attributable to:					
Owners of the Company		**(3,381)**	(3,098)	**(10,302)**	(7,641)
Non-controlling interests		**105**	27	**119**	59
		(3,276)	(3,071)	**(10,183)**	(7,582)
Total comprehensive expense for the period attributable to:					
Owners of the Company		**(3,192)**	(3,156)	**(9,690)**	(7,699)
Non-controlling interests		**105**	27	**119**	59
		(3,087)	(3,129)	**(9,571)**	(7,640)
Loss per share attributable to the owners of the Company					
– Basic (in HK cents)	5	**(0.25)**	(0.47)	**(0.90)**	(1.22)
– Diluted (in HK cents)	5	**(0.25)**	(0.47)	**(0.90)**	(1.22)

Notes:

1. **GENERAL INFORMATION**

Yunbo Digital Synergy Group Limited (the "**Company**") was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Room 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 Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of system integration services and other value-added technical consultation services and hardware-related business. The Group has also expanded into the People's Republic of China (the "**PRC**") market in the areas of manufacturing of ancillary high-tech software and hardware products; developing and establishing integrated online platforms for distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application services, among others.

In the opinion of the directors of the Company ("**Directors**"), 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 2013 (the "**Condensed Financial Report**") has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2013 (the "**2013 Annual Financial Statements**"). The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2013 Annual Financial Statements. HKICPA has issued a number of new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 April 2013, the adoption has no material effect on how the results and the financial position of the Group for the current or prior accounting periods have been prepared and presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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. The Condensed Financial Report is presented in Hong Kong dollars ("**HK$**") which are also the functional currency of the Company and all values are rounded to the nearest thousands ("**HK$'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**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue:				
Hardware	**7,962**	25,124	**18,995**	33,968
Software	**70**	137	**485**	625
Services	**224**	124	**713**	513
	8,256	25,385	**20,193**	35,106

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the nine months ended 31 December 2013 as the Group had incurred losses for taxation purpose (nine months ended 31 December 2012: Nil as the Group had incurred losses for taxation purpose). The PRC enterprise income tax has been provided at the rate of 25% (nine months ended 31 December 2012: Nil) on the estimated assessable profit for the period.

	Three months ended 31 December		Nine months ended 31 December	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
PRC enterprise income tax				
Current period	**(2)**	–	**(8)**	–
Income tax expense	**(2)**	–	**(8)**	–

Deferred tax has not been provided for the Group because the Group had no material temporary differences at the reporting date (31 December 2012: Nil).

5. LOSS PER SHARE

Basic loss per share for the three months and nine months ended 31 December 2013 is calculated by dividing the loss attributable to owners of the Company for the period of HK$3,381,000 and HK$10,302,000 respectively (three months and nine months ended 31 December 2012: loss of HK$3,098,000 and HK$7,641,000 respectively) by the weighted average number of 1,356,250,000 and 1,150,068,182 (three months and nine months ended 31 December 2012: weighted average number of 657,269,022 and 628,086,364) ordinary shares respectively in issue during the periods.

Diluted loss per share for the three months and nine months ended 31 December 2013 and 2012 equals to the basic loss per share as the potential ordinary shares on exercise of warrants were not included in the calculation of diluted loss per share because they are anti-dilutive.

Details of calculation of loss per share:

	Three months ended 31 December		**Nine months ended 31 December**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loss attributable to owners of the Company	**(3,381)**	(3,098)	**(10,302)**	(7,641)
Weighted average number of ordinary shares in issue during the period (in thousands)	**1,356,250**	657,269	**1,150,068**	628,086
	HK cents	HK cents	**HK cents**	HK cents
Basic loss per share	**(0.25)**	(0.47)	**(0.90)**	(1.22)
Diluted loss per share	**(0.25)**	(0.47)	**(0.90)**	(1.22)

6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2013 (nine months ended 31 December 2012: Nil).

7. RESERVES

For the nine months ended 31 December 2013

	Share premium (unaudited) HK$'000	Warrant reserve (unaudited) HK$'000	Translation reserve (unaudited) HK$'000	Accumulated losses (unaudited) HK$'000	Non-controlling interest (unaudited) HK$'000	Total (unaudited) HK$'000
As at 1 April 2012	36,375	–	–	(92,041)	169	(55,497)
Comprehensive expense						
(Loss)/profit for the period	–	–	–	(7,641)	59	(7,582)
Other comprehensive expense						
Exchange differences arising on translation of foreign operations	–	–	(58)	–	–	(58)
Total comprehensive (expense)/income	–	–	(58)	(7,641)	59	(7,640)
Issue of shares	1,686	–	–	–	–	1,686
Issue of warrants	–	900	–	–	–	900
As at 31 December 2012	38,061	900	(58)	(99,682)	228	(60,551)
As at 1 April 2013	**43,685**	**900**	**34**	**(103,901)**	**133**	**(59,149)**
Comprehensive expense						
(Loss)/profit for the period	**-**	**-**	**-**	**(10,302)**	**119**	**(10,183)**
Other comprehensive income						
Exchange differences arising on translation of foreign operations	**-**	**-**	**612**	**-**	**-**	**612**
Total comprehensive income/(expense)	**-**	**-**	**612**	**(10,302)**	**119**	**(9,571)**
Issue of shares	**56,250**	**-**	**-**	**-**	**-**	**56,250**
As at 31 December 2013	**99,935**	**900**	**646**	**(114,203)**	**252**	**(12,470)**

REVIEW AND PROSPECTS

Financial Review

During the nine months ended 31 December 2013, the Group recorded revenue of approximately HK$20,193,000, representing a decrease of approximately 42.48% compared with the corresponding period last year of approximately HK$35,106,000. The significant decrease in revenue was principally attributed to a drop in business volume in the trading of gigabit-passive optical network ("**G-PON**") equipment to approximately HK$5,554,000 by the Group during the reporting period.

Loss before income tax of the Group for the nine months ended 31 December 2013 was approximately HK$10,175,000, compared with a loss before income tax of approximately HK$7,582,000 for the corresponding period last year. Loss attributable to owners of the Company for the nine months ended 31 December 2013 was approximately HK$10,302,000 compared with a loss attributable to owners of the Company of approximately HK$7,641,000 for the corresponding period last year.

Business Review and Prospects

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

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

The Company adopted a new corporate strategy to broaden its income base and strengthen the Group's growth potential subsequent to a change in senior management in early 2012. As such, the Company entered into the telecommunications industry in the PRC market focusing its business and product development strengths in the areas of trading of ancillary high-tech software and hardware equipment; developing and establishing integrated online platforms for the distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application products and services, among others.

The Company established two wholly foreign owned enterprises ("**WFOEs**") in the PRC, namely, 廣州韻博信息科技有限公司 (Guangzhou YBDS IT Co., Ltd.*) ("**Guangzhou YBDS**") and 北京韻博港信息科技有限公司 (Beijing YBDS IT Co., Ltd.*) ("**Beijing Yunbo**") to facilitate the Group's business endeavors and potential joint ventures in the PRC market.

Guangzhou YBDS

Guangzhou YBDS was approved for establishment on 13 August 2012. The entire equity interest of Guangzhou YBDS is held by Pacific Honour Development Limited, a wholly-owned subsidiary of the Company. The business license of Guangzhou YBDS was issued on 18 September 2012. The total investment and registered capital of Guangzhou YBDS are RMB40 million and RMB20 million, respectively. On 11 November 2013, the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality (廣州市對外貿易經濟合作局) had granted Guangzhou YBDS approval to increase its total investment from RMB40 million to RMB80 million, and its registered capital from RMB20 million to RMB40 million. As at the date of this report, approximately 60.84% of the registered capital (or the equivalent to approximately RMB24.33 million) of Guangzhou YBDS has been paid up with the remaining 39.16% (or the equivalent to approximately RMB15.67 million) being due and payable on or before 13 November 2014. Guangzhou YBDS' business scope includes computer software or hardware system integration, external equipment, financial and electronic equipment, automated control systems and related equipment, new models of electronic devices, smart modems, research and development of educational software and hardware, sale of computer software, hardware and ancillary equipment, electronic products, general machinery equipment, specialized equipment, and provision of technical services and support.

Beijing Yunbo

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

The Company has made some initial success. Shortly after having decided to focus our business and product development strengths on competing in the telecommunications industry in the PRC market, the Company entered into a non-legally binding letter of intent with Chinasoft International Limited (中軟國際有限公司) (Stock code: 354) ("**Chinasoft**"). Pursuant to the terms of the letter of intent, the Company and Chinasoft agreed to collaborate with each other to bid for specific parts of a wireless infrastructure project in the PRC which is sponsored and undertaken by China Mobile Group Guangdong Company Limited ("**China Mobile Guangdong**"), a subsidiary of China Mobile Limited (stock code: 941). In 2012, China Mobile Limited embarked on their "**Wireless City Project**" whereby they aspire to develop and construct a wireless infrastructure network for PRC cities such that everyone in the city will be able to have free Wi-Fi access.

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

In the 4th quarter of 2012, the Company commenced the business activity of trading ancillary high-tech software and hardware equipment. For the year ended 31 March 2013, the Group generated revenue of approximately HK$35,045,000 in the trading of G-PON equipment.

In order to qualify to submit a tender to supply Points of Sales ("**POS**") terminals, a type of electronic transaction terminal, Guangzhou YBDS has entered into an agreement with 福建新大陸電腦股份有限公司 (Fujian Newland Computer Co., Ltd.*) ("**Newland**") whereby Newland agreed to appoint, and Guangzhou YBDS agreed to act as an agent of Newland for the sales and marketing of POS terminals manufactured by Newland. A POS terminal is the modern replacement of the cash register that, when connected to a POS system, can record and track customer orders, process credit and debit cards, connect to other systems in a network, and manage inventory. In summary, a POS terminal is a computer which is provided with application-specific programs and I/O devices for the particular environment in which it serves.

The Group has generated revenue of approximately HK$5,554,000 in the trading of G-PON equipment during the reporting period. The Group has also supplied 天翼電子商務有限公司 (China Telecom Bestpay E-commerce Ltd.*) ("**China Telecom Bestpay**") with 1,600 sets of POS terminals for a total contract sum of RMB1,888,000, or approximately HK$2,044,000, during the reporting period.

In line with the medium to long term strategic planning for the development of education in the PRC, the Department of Education of Guangdong Province of the PRC, on 30 August 2012, 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) to promulgate its intention to expedite current movements in raising the standard of education levels in Guangdong Province through the advancements of technology. The Department of Education of Guangdong Province of the PRC intends to standardize the education programmes taught in primary and secondary schools such that students in rural areas will be able to enjoy the same quality of education as those enjoyed by students in the urban areas. To achieve this objective, the Department of Education of Guangdong Province of the PRC decided to establish an online education platform.

It was under this premise that Guangzhou YBDS and the Guangdong Branch of China Telecom Corporation Limited (中國電信股份有限公司) (stock code: 728) ("**China Telecom Guangdong**") entered into a collaboration agreement to combine their resources by collaborating with each other to develop, establish, and operate an integrated online education platform (the "**Online Education Platform**") to support the policy of the Department of Education of Guangdong Province of the PRC. Once completed, it is expected that the Online Education Platform will be able to serve all education administration and research institutions, more than 20,000 primary and secondary schools, 890,000 teachers, and over 18,000,000 students in Guangdong Province.

Under the collaboration agreement, China Telecom Guangdong is responsible for the construction of a specific network dedicated to the Online Education Platform to facilitate the stable transmission of educational information and content covering all education administration and research institutions as well as primary and secondary schools within 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 provision of technical support. Whereas Guangzhou YBDS is responsible for the investment of an amount up to RMB700 million to construct the Online Education Platform, provision of 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.

During the reporting period, the Company has already designed and constructed a prototype of the network system for the Online Education Platform.

Moreover, the Group entered into a non-legally binding memorandum of understanding with New5TV (Cayman) CO., LTD. to establish, develop, and create a variety of online platforms that employ a "narrowcasting" operating mode during the reporting period.

During the reporting period, the Group 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 programs made under the project to targeted audiences in the PRC through the aforesaid online platforms. Filming and production is currently underway.

The Group's system integration services and other value-added technical consultation services and hardware-related business in Hong Kong continue to be principally facilitated by Norray Professional Computers Limited, a subsidiary of the Company.

To ensure the Company is financially stable with sufficient financial resources to continue the development of the aforesaid projects, the Company, on 27 March 2013, completed a placing for an aggregate of 125,000,000 new shares of the Company at a share placing price of HK$0.145 each to independent third parties, raising net proceeds of approximately HK$17,672,000.

Additionally, the Company on 5 August 2013 allotted and issued 450,000,000 new shares of the Company of par value of HK$0.10 each in the capital of the Company at a subscription price of HK$0.225 each ("**Subscription Shares**") to Happy On Holdings Limited ("**Happy On**") raising net proceeds of about HK$100,000,000 pursuant to a subscription agreement dated 2 June 2013 entered into between the Company and Happy On ("**Subscription**"). Immediately after the completion of the Subscription, Happy On holds 987,888,771 shares of the Company, representing approximately 72.83% of the total issued share capital of the Company as enlarged by the Subscription Shares.

The Directors believe that the entering into of the aforesaid agreements is part and parcel to the Group's existing corporate strategy to broaden its income base and enhance its growth potential.

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

As at 31 December 2013, none of the Directors or their respective associates had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2013, so far as the Directors are aware of and having made due enquires, the following persons had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of shareholder	**Capacity**	**Number of issued ordinary shares held** (Note 2)	**Approximate percentage of issued share capital as at 31 December 2013** (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 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 2013.

Save as disclosed above, as at 31 December 2013, so far as the Directors are aware of and having made due enquiries, there was no person (other than the Directors) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, as at 31 December 2013, at no time during the nine months ended 31 December 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the nine months ended 31 December 2013.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this report, none of the Directors, or the initial management shareholders or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competed with or might compete with the business of the Group and had or might have any other conflicts of interest with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the nine months ended 31 December 2013.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") since May 2000 with specific terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee currently comprises three members, namely, Mr. Ngan Yu Loong, Dr. Chow Ka Ming, Jimmy and Dr. Wong Wing Lit, all of whom are independent non-executive Directors. Mr. Ngan Yu Loong is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Group's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance with the GEM Listing Rules, internal and audit control, and cash flow forecast.

The unaudited consolidated results of the Group for the nine months ended 31 December 2013 have been reviewed by the Audit Committee.

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

Hong Kong, 13 February 2014

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

* *For identification purpose only*