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**C Y FOUNDATION GROUP LIMITED**  
(incorporated in Bermuda with limited liability)  
(Stock code: 1182)

### **Connected Transaction – Purchase of Gaming Machines**

The Board announces that, on 23 October 2008, Billion Cosmos Investment Limited, a wholly owned subsidiary of C Y Foundation Group Limited (“Company”), as purchaser (“Purchaser”) entered into an agreement (“Agreement”) with a connected person - Weike(S) Pte Limited (“Weike”) as vendor (“Vendor”) to acquire 30 pieces of gaming machine and its operating systems with an exclusive right of use at the total consideration of HK\$9,893,000.

As at the date of this announcement, Dato Poh Po Lian, the controlling shareholder and an executive director of the Company, holds a directorship and owns 50% equity interest in Weike. The Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as set out in the Listing Rules) for the Agreement is less than 25% and the total consideration is less than HK\$10 million, the Agreement constitutes a connected transaction of the Company under 14A.32 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in the Listing Rules 14A.45 to 14A.47.

#### **THE AGREEMENT**

Date: 23 October 2008

Vendor: Weike(S) Pte Limited. Weike was incorporated in Singapore on 26 February 1998. Its principal business is research, development and manufacturing electronic games. Dato Poh, the controlling shareholder and an executive director of the Company holds a directorship and owns 50% equity interest in Weike.

Purchaser: Billion Cosmos Investment Limited, a wholly owned subsidiary of the Company. The Company is principally engaged in online game tournament services, apparel trading and strategic investments.

Subject purchased of: 30 pieces of gaming machine and its operating systems with an exclusive right of use. The gaming machines and its operating system are brand new items without any track records. The Vendor is the manufacturer of the gaming machines and has no original purchase costs of the subject assets. The Agreement is a connected transaction, which was entered into in the ordinary course of business

of the Group. The gaming machines are expected to be delivered to the gaming centre of the Company in Shanghai, Shenzhen and Suzhou.

## **CONSIDERATION**

The consideration for the Agreement is HK\$9,893,000 is to be satisfied by cash. Such consideration was determined by reference to the market price of the similar gaming machine with operating system. The consideration will be financed by internal sources of the Group. In this relation, the directors, including the independent non-executive directors, consider that the Agreement was entered into on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Company and its subsidiaries ("Group"). The directors, including the independent non-executive directors also consider that the terms of the Agreement are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

## **PAYMENT AND ACCEPTANCE**

An initial of Payment of HK\$5,300,000 shall be made within 7 days upon the signing of the Agreement but subject to the production of invoice by the Vendor. The balance payment of HK\$4,593,000 shall be made within 14 days upon the Purchaser's acceptance of the machines.

## **REASON AND BENEFITS OF THE AGREEMENT**

The Group's principal business is online game tournament services, apparel trading and strategic investments. The purchase of the gaming software is in the ordinary and usual course of business. It will not only enhances the development of the Group's gaming business but also improve the comprehensiveness of the services that the Group can provide to its customers.

## **GENERAL**

The Group's principal business is online game tournament services, apparel trading and strategic investments. The Agreement contemplated thereunder was approved by a resolution of the board of directors of the Company on 21 October 2008 with Mr CHENG Chee Tock Theodore, Mr WOELM Samuel, Mr WU Chuang John and Mr CAO Dongxin, being the executive directors of the Company and Mr SZE Tsai Ping Michael and Mr WANG Shan Chuan, being the independent non-executive directors of the Company and Dato Poh Po Lian, abstained from voting.

On behalf of the Board  
**Cheng Chee Tock Theodore**  
*Chairman*

Hong Kong, 29 October 2008

As at the date hereof, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Dato POH Po Lian, Mr WOELM Samuel, Mr WU Chuang John and Mr CAO Dongxin; and the independent non-executive directors are Mr SZE Tsai Ping Michael, Dr CHOW Steven, and Mr WANG Shan Chuan.