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## **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1182)**

### **AGREEMENT IN RESPECT OF THE FIRST ACQUISITION AND THE OFFER IN RESPECT OF THE SECOND ACQUISITION**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 14 March 2014 (after trading hours), the Purchaser and First Vendor entered into the Agreement which sets out the principal terms of the First Acquisition at the consideration of not more than HK\$35,430,000 to be paid by way of the First Consideration Shares. Pursuant to the provisions of the Agreement, the Purchaser had, on the date of the Agreement, made the Offer to the Second Vendors in relation to the Second Acquisition at the purchase price of HK\$11,370,000 which shall be paid to each Second Vendor on a pro-rata basis of their shareholding in Solar Lease by way of the Second Consideration Shares. The Offer is conditional and irrevocable but subject to a final date of acceptance on 22 April 2014, and after which if not accepted, shall automatically lapse and cease to have any effect.

The First Acquisition and the Second Acquisition are inter-conditional and are both subject to the fulfillment of certain similar conditions precedent prior to the Completion, including without limitation (i) First Vendor and Second Vendors shall provide all necessary assistance to the Purchaser for its conduct of a due diligence of the PV World and Solar Lease Group respectively to the Purchaser's satisfaction; (ii) all necessary approvals (including those from the government and/or regulators) other than those on the part of the Purchaser have been duly obtained by the First Vendor and the Second Vendors respectively on or before the Completion Date; (iii) all necessary approvals (including those from the government, regulators and/or shareholders of the Company) other than those on the part of the First Vendor and the Second Vendors have been duly obtained by the Purchaser on or before the Long Stop Date; and (iv) the First Acquisition and the Second Acquisition shall complete at the same time.

**The First Acquisition and the Second Acquisition are subject to the fulfillment of certain conditions precedent to the Completion which may or may not proceed. Accordingly, the issue of this announcement does not in any way imply that the First Acquisition and/or the Second Acquisition will be completed. Shareholders and potential investors are advised to exercise caution when making any decision related to dealing in the shares of the Company.**

## **PRINCIPAL TERMS OF THE AGREEMENT**

Date: 14 March 2014

Parties: First Vendor: Mr. Loh Lean Chooi  
Purchaser: Science Power Limited

Assets to be acquired: The Sale Shares, the Sale Loans, the Call Option Right and the Economic Interest

First Consideration and its payment terms: Not more than HK\$35,430,000 and subject to adjustment after satisfactory completion of due diligence on PV World to be paid by way of the First Consideration Shares as follows:

- (1) 90% of the First Consideration Shares shall be paid on Completion and 50% of which (i.e. 45% of the First Consideration Shares) shall be subject to a lock-up period of 6 months from Completion; and
- (2) 10% of the First Consideration Shares shall be paid upon the completion of the transfer of the remaining 51% of the entire issued share capital in PV World by the First Vendor to the Purchaser.

Option rights: The Call Option Right and the Put Option Right

Guarantee of profit: Profit Guarantee

Sharing of profit: Profit Sharing Guarantee

## **PRINCIPAL TERMS OF THE SECOND ACQUISITION**

Date: 14 March 2014

Parties: Second Vendors: (1) PV World;  
(2) Isadora Enterprise; and  
(3) Ron Borland Real Estate

Purchaser: Science Power Limited

Asset to be acquired: The entire issued share capital of Solar Lease

Second Consideration and its payment terms: HK\$11,370,000 which shall be paid to each Second Vendor on a pro-rata basis of their shareholding in Solar Lease to be paid by way of the Second Consideration Shares

## **TERMS OF THE ACQUISITIONS**

The Board confirms that the First Consideration and the Second Consideration were determined after arm's length negotiations between the parties by reference to the market values of similar businesses.

The terms and conditions of the Agreement are fully binding on the part of the First Vendor and fully binding on the part of the Purchaser subject to the satisfactory completion of due diligence on PV World on or before the Relevant Date.

The Consideration Shares represent approximately 7.101% of the existing issued share capital of the Company as at the date of this announcement, and approximately 6.630% of the total issued share capital of the Company as enlarged by issue of the Consideration Shares.

The Consideration Shares will be issued under the Company's general mandate obtained from Shareholders at the last annual general meeting held on 27 September 2013 and no further Shareholders' approval would be required for this purpose.

The listing and permission to deal in of the Consideration Shares by the Stock Exchange will be sought in due course.

If the Offer is not accepted on or before 22 April 2014, the Acquisitions will come to an end with no further obligations on the Purchaser, the First Vendor and the Second Vendors.

The Purchaser intends to carry out a due diligence in relation to, among other things, the legal, financial and business aspects of PV World and Solar Lease Group.

If the Due Diligence cannot be completed to the satisfaction of the Purchaser on or before the Relevant Date, the Acquisitions will also come to an end with no further obligations on the Purchaser, the First Vendor and the Second Vendors.

Upon completion of the Due Diligence to the satisfaction of the Purchaser, the Purchaser, the First Vendor and the Second Vendors will be in a position to enter into the Formal Sale and Purchase Agreements in relation to the First Acquisition and the Second Acquisition respectively which is expected to occur on or before the Relevant Date. It is anticipated that Completion of the Acquisitions will occur subject to, fulfillment of all the conditions precedent to the Completion on or before the Completion Date but in any event not later than the Long Stop Date after which the Formal Sale and Purchase Agreements will cease to have any effect with no further obligations on the Purchaser, the First Vendor and the Second Vendors.

Under the First Acquisition, the Purchaser was granted the Call Option Right whilst the First Vendor was granted the Put Option Right in respect of the purchase and sale of the remaining 51% of the entire issued share capital of PV World respectively. In addition, the Shareholders' and Management Agreement will, among other things, grant the Purchaser the management control over PV World and its entitlement to the Economic Interest (i.e. 100% economic interest of PV World is attributable to Purchaser notwithstanding the fact that 51% of PV World will continue to be owned by the First Vendor after Completion).

Under the terms of the Profit Guarantee, the First Vendor will compensate the Purchaser, on a dollar-to-dollar basis, by surrendering its equivalent value in cash for any shortfall between the Guaranteed Amount and the Audited Net Cash Flow during the Profit Guarantee Period. If the PV World Group records a loss during the Profit Guarantee Period, the First Vendor will, in addition to the Profit Guarantee, compensate the Purchaser for such loss on a dollar-to-dollar basis.

Under the terms of the Profit Sharing Guarantee, the First Vendor shall be entitled to a payment of 20% of the Audited Net Cash Flow above the Guaranteed Amount for each financial year during the Profit Guarantee Period if the Audited Net Cash Flow of the PV World Group shall exceed the Guaranteed Amount.

The Profit Guarantee and the Profit Sharing Guarantee will on the one hand secure a minimum cash flow contribution by the PV World Group to the Company and at the same time can provide an incentive to the First Vendor to accelerate the growth of PV World Group.

The First Acquisition and the Second Acquisition are inter-conditional and are both subject to the fulfillment of certain similar conditions precedent prior to the Completion, including without limitation (i) the First Vendor and the Second Vendors shall provide all necessary assistance to the Purchaser for its conduct of a due diligence of the PV World and Solar Lease Group respectively to the Purchaser's satisfaction; (ii) all necessary approvals (including those from the government and/or regulators) other than those on the part of the Purchaser have been duly obtained by the First Vendor and the Second Vendors on or before the Completion Date; (iii) all necessary approvals (including those from the government, regulators and/or shareholders of the Company) other than those on the part of First Vendor and Second Vendors respectively have been duly obtained by the Purchaser on or before the Long Stop Date; and (iv) the First Acquisition and the Second Acquisition shall complete at the same time.

## **INFORMATION ON THE PV WORLD GROUP**

The PV World Group is a leading provider of solar energy solutions services in Singapore and Queensland in Australia. It is one of the two main operators in Singapore that focuses its business efforts on solar leasing which has become the preferred and dominant solar solution in Singapore.

The PV World Group's core business is the provision of a long term solar lease whereby it sells electricity generated by its solar PV system to the end users (households, multinational corporations and/or utility companies). Its secondary business segment is solar system integration which provides engineering, procurement, construction and installation services to its clients. The PV World Group represents an opportunity for a steady long term investment via solar leasing, as well as increasing business opportunities in the rapidly growing renewable energy industry.

As of today, PV World is wholly-owned by the First Vendor and Solar Lease is owned by the following persons in the following proportions:

- (a) 70% by PV World;
- (b) 25% by Isadora Enterprise; and
- (c) 5% by Ron Borland Real Estate

## **REASONS FOR AND BENEFITS OF THE FIRST ACQUISITION AND THE SECOND ACQUISITION**

The Group is principally engaged in manufacturing and sales of packaging products and the management of electronic gaming equipment in Macau.

It has been the business strategy of the Company to proactively seek potential investment opportunities in order to enhance the return to the Shareholders. The Acquisitions will be investment opportunities for the Company to diversify its business to the provision of solar energy solutions services in Singapore and in Queensland, Australia and to improve its business operation.

The solar leasing model of the PV World Group maintains their contracts with utilities companies and multinational corporations, ensuring minimal counterparty risks. These contracts last for long periods, ranging from 16 to 25 years, realizing long-term stable cash flows from these solar investments. It is expected that after Completion of the Acquisitions, stable cash flow could be generated to improve the financial position of the Company.

The Board is of the view that the terms and conditions of the Agreement and the Offer are on normal commercial terms, fair and reasonable and the Acquisitions will be in the interests of the Company and Shareholders as a whole.

### **GENERAL**

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, both the First Vendor and the Second Vendors are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**The First Acquisition and the Second Acquisition are be subject to the fulfillment of certain conditions precedent to the Completion which may or may not proceed. Accordingly, the issue of this announcement does not in any way imply that the First Acquisition and/or the Second Acquisition will be completed. Shareholders and potential investors are advised to exercise caution when making any decision related to dealing in the shares of the Company.**

## DEFINITIONS

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

<b>Term</b>	<b>Meaning</b>
“Acquisitions”	The First Acquisition and the Second Acquisition
“Agreement”	An agreement entered into between the Purchaser and the First Vendor dated 14 March 2014 for the sale and purchase of the Sale Interests
“Audited Net Cash Flow”	The audited net cash flow from operating activities of each company within the PV World Group to be prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards
“Board”	The board of Directors
“Call Option Right”	A right to be granted by the First Vendor to the Purchaser whereby the Purchaser has a right, but not an obligation, to acquire 51% of the entire issued share capital of PV World from the First Vendor by payment of HK\$1 during the Option Period
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1182)
“Completion”	Simultaneous completion of the First Acquisition and the Second Acquisition
“Completion Date”	25 July 2014

“Consideration Shares”	The First Consideration Shares and the Second Consideration Shares
“Director(s)”	The director(s) of the Company, including both executive and independent non-executive directors
“Due Diligence”	Due diligence to be conducted by the Purchaser on PV World and Solar Lease Group
“Economic Interest”	The economic interest of PV World
“First Acquisition”	The acquisition of the Sale Interests
“First Consideration”	Not more than HK\$35,430,000 and subject to adjustment after satisfactory completion of due diligence on PV World
“First Consideration Shares”	56,644,842 shares of the Company to be issued pursuant to the First Consideration based on the average closing price of the 42 trading days immediately prior to the date of the Agreement
“Formal Sale and Purchase Agreements”	Formal agreement in respect of the First Acquisition to be made between the Purchaser and the First Vendor and formal agreement in respect of the Second Acquisition to be made between the Purchaser and the Second Vendors
“Group”	The Company and its subsidiaries
“Guaranteed Amount”	HK\$5,200,000 for each financial year of the Profit Guarantee Period
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Isadora Enterprise”	Isadora Enterprise Limited a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	19 December 2014
“Offer”	A conditional and irrevocable offer dated 14 March 2014 made by the Purchaser to the Second Vendors for its purchase of the entire issued share capital of Solar Lease which is open for acceptance not later than 22 April 2014
“Option Period”	28 August 2015 to 27 August 2018
“Profit Guarantee”	A guarantee whereby the First Vendor undertakes to the Purchaser that the aggregate Audited Net Cash Flow from operating activities of the companies within the PV World Group for the Profit Guarantee Period shall not be less than the Guaranteed Amount; and the First Vendor shall pay the Purchaser the sum of HK\$5,200,000 by bank guarantee as security deposit
“Profit Sharing Guarantee”	A guarantee whereby the Purchaser undertakes to the First Vendor that the First Vendor shall be entitled to a payment of 20% of the Audited Net Cash Flow above the Guaranteed Amount for each financial year during the Profit Guarantee Period if the Audited Net Cash Flow of the PV World Group shall exceed the Guaranteed Amount
“Profit Guarantee Period”	The period of three (3) financial years after Completion, i.e. the financial years ending 31 March 2015, 31 March 2016 and 31 March 2017

“Purchaser”	Science Power Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
“Put Option Right”	A right to be granted by the Purchaser to the First Vendor whereby the First Vendor, has a right, but not an obligation, to sell 51% of the entire issued share capital of PV World to the Purchaser by payment of HK\$1 during the Option Period
“PV World”	PV World Pte. Ltd., a company incorporated in Singapore with limited liability and whose principal activities are providing solar energy solutions services in Singapore and Australia
“PV Word Group”	PV World and all its subsidiaries, associated and affiliated companies, if any
“Relevant Date”	11 July 2014
“Ron Borland Real Estate”	Ron Borland Real Estate Pty Ltd ATF R.B.R.E. Superannuation Trust
“Sale Interests”	The Sale Loans, the Sale Shares, the Call Option Right and the Economic Interest
“Sale Loans”	49% of the entire loans granted to PV World by its shareholder, if any
“Sale Shares”	49% of the entire issued share capital of the PV World
“Second Acquisition”	Purchase of all the issued share capital in Solar Lease
“Second Consideration”	HK\$11,370,000

“Second Consideration Shares”	18,178,150 shares of the Company to be issued pursuant to the Second Consideration based on the average closing price of the 42 trading days immediately prior to the date of the Offer
“Singapore”	The Republic of Singapore
“Solar Lease”	Solar Lease Pte. Ltd., a company incorporated in Singapore with limited liability and is a 70%-owned subsidiary of PV World
“Solar Lease Group”	Solar Lease and all its subsidiaries, associated and affiliated companies, if any
“Shareholders”	Shareholders of the Company
“Shareholders’ and Management Agreement”	A shareholders’ and management agreement in respect of PV World to be made between the Purchaser, the First Vendor and PV World on Completion in respect of the management of PV World and other related matters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**C Y Foundation Group Limited**  
**Sneah Kar Loon**  
*Chairman*

Hong Kong, 14 March 2014

*As at the date of this announcement, the executive Directors are Mr. SNEAH Kar Loon, Mr. BALAKRISHNAN Narayanan and Mr. LIN Zheyang, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. YONG Peng Tak, Mr. IO Rudy Cheok Kei and Mr. GOH Hoon Leum.*