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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

PROPOSED CONTINUING CONNECTED TRANSACTIONS: PROCUREMENT OF THE SLOT AND MULTI TERMINAL MACHINES AND RELATED SOFTWARE, SYSTEMS AND SERVICES

PROPOSED CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 18 June 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which, the Supplier agrees to sell and/or supply and the Purchaser agrees to purchase the Products and Services at the Purchase Prices, provided that the purchases by the Group during the Term shall not exceed the relevant Purchase Caps in the amount of HK\$62,451,000, HK\$58,004,000 and HK\$80,674,000 for the period from the Commencement Date to 31 March 2015, and each of the two years ending 31 March 2016 and 2017, respectively.

CONNECTED RELATIONSHIP BETWEEN THE PARTIES AND THE IMPLICATIONS OF THE LISTING RULES

To the best knowledge, information and belief of the Directors, the Supplier is wholly owned by Weike (S) Pte, which is owned as to 65% by Dato Poh (who is a substantial Shareholder), 10% by Mr. Poh Yuan Rui (who is the son of Dato Poh and also a director of the Purchaser), 20% by Mr. Sneah (who is the executive Director) and 5% by Independent Third Parties. Each of Dato Poh, Mr. Poh Yuan Rui and Mr. Sneah is a director of Weike (S) Pte and the Supplier. Therefore, the Supplier is a connected person to the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined in Rule 14A.10(10) of the Listing Rules in respect of the transactions contemplated under the Agreement exceed 25% and the annual consideration is more than HK\$10 million, the Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

Dato Poh, Mr. Sneah and their respective associates will abstain from voting in respect of the resolution approving the Agreement and the transactions contemplated thereunder (including the Purchase Caps) at the SGM. Mr. Sneah has abstained from voting in respect of the aforesaid matters at the meeting of Board. The Independent Board Committee which comprises all the independent non-executive Directors will advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder (including the Purchase Caps). Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the abovementioned transactions.

GENERAL

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving, among other matters, (i) the terms of the Agreement and the transactions contemplated thereunder; and (ii) the Purchase Caps. A circular containing, among others, (i) details of the Agreement and the transactions contemplated thereunder; (ii) the Purchase Caps; (iii) the advice of the independent financial adviser regarding the terms of the Agreement and the Purchase Caps; (iv) the advice of the Independent Board Committee regarding the terms of the Agreement and the Purchase Caps; (v) other information as required to be disclosed under the Listing Rules; and (vi) notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 10 July 2014.

The Agreement will be subject to the fulfillment of certain conditions precedent and may or may not proceed. Shareholders and potential investors are advised to exercise caution when making any decision related to dealing in the shares of the Company.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date of the Agreement

18 June 2014

Parties to the Agreement

The Purchaser and the Supplier

To the best knowledge, information and belief of the Directors after making necessary enquiry, (i) the Supplier is a wholly-owned subsidiary of Weike (S) Pte; (ii) Weike (S) Pte is owned as to 65% by Dato Poh (who is a substantial Shareholder), 10% by Mr. Poh Yuan Rui (who is the son of Dato Poh and also a director of the Purchaser), 20% by Mr. Sneah (who is the executive Director) and 5% by Independent Third Parties; and (iii) the Supplier is a manufacturer of the Products and other related equipment and system and a provider of the Services approved by the relevant authorities including without limitation DICJ in Macau.

Products and Services

Pursuant to the Agreement, the Supplier agrees to sell and/or supply and the Purchaser agrees to purchase the Products and Services at the Purchase Price during the Term.

Pricing basis

The purchase prices of the Products (exclusive of freight, carriage and insurance of the products from the warehouse of the Supplier) and the Services are determined with reference to the existing corporate deal package issued by the Supplier and any subsequent change in purchase prices of the Products and the Services will be subject to further negotiation between the Supplier and the Purchaser from time to time. The Products are charged based on the actual number of the Products purchased from the Supplier and the Services are charged based on the number of slot and multi terminal machines served by the Supplier.

In addition, the parties to the Agreement agreed that the Purchase Prices will not be less favourable than the selling prices of the Products and/or Services sold by the Supplier to the Independent Third Parties. The Supplier shall provide a written confirmation annually no later than sixty (60) days from each of the three years ending 31 March 2015, 2016 and 2017 to the Purchaser to confirm that the prices of the Products and/or Services supplied to the Purchaser will not be less favorable than the prices of similar products and/or services of a similar quantity supplied to the Independent Third Parties.

Payment terms

The Purchase Price in respect of the Products except the spare parts of equipment and the related software and systems shall be paid by six monthly equal instalments and the first payment to be made 30 days upon delivery. Payment terms for the spare parts of equipment are 90 days after delivery. The related software and systems shall be paid as to 30% upon confirmation of the purchase order by the Purchaser as deposit, as to 30% before shipment of the related software and systems and as to balance of 40% after activation of the related software and systems.

With respect to the payment terms for the Services, the Supplier shall send a statement in respect of the Services rendered to the Purchaser on a monthly basis, which shall be verified and confirmed in writing by the Purchaser to the Supplier within five (5) Business Days upon the receipt thereof. Payment shall be made to the Supplier within fourteen (14) Business Days upon the confirmation of the monthly statement by the Purchaser.

Other terms

The quotation for Products and/or Services shall be given by the Supplier in writing and sent to the Purchaser upon its request specifying: (i) the quantities and descriptions of the Products and/or Services; (ii) the relevant Purchase Prices; (iii) the expected delivery date; (iv) the mode of delivery; and (v) the terms of payment.

A quotation shall be open for acceptance for a period of seven (7) Business Days from the date of receipt by the Purchaser and may be accepted by the Purchaser at its absolute discretion in respect of the entire or such lesser quantity of the Products and Services specified in the quotation.

Conditions precedent

The Agreement is conditional upon:

- (1) the passing by the Independent Shareholders at a special general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder (including the Purchase Cap);
- (2) all necessary consents, authorisations, licenses and approvals required to be obtained on the part of the Supplier in respect of the Agreement having been obtained; and
- (3) all necessary consents, authorisations, licenses and approvals required to be obtained on the part of the Purchaser in respect of the Agreement having been obtained including without limitation the DICJ approval, if required.

If the conditions set out in above have not been satisfied on or before the Long Stop Date (no later than 4:00 p.m.), the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Historical transaction amounts and proposed Purchase Caps

Historical transaction amounts

For the year ended 31 March 2014, the annual purchase amounts of the Products and the Services from the Supplier by the Purchaser were amounted to HK\$14,670,000 and HK\$Nil respectively.

Proposed Purchase Caps

In accordance with Rule 14A.35(2) of the Listing Rules, the maximum aggregate amounts payable by Purchaser to Supplier for the Products and Services shall not exceed the proposed Purchase Caps for the periods indicated in the following table:

| | From the Commencement Date to 31 March 2015 HK\$ | Years ending 31 March | |
|----------------------|---|------------------------------|----------------------|
| | | 2016 HK\$ | 2017 HK\$ |
| Total amount payable | 62,451,000 | 58,004,000 | 80,674,000 |

In arriving at the above Purchase Caps, the Directors have considered (i) the historical transaction amounts and purchase prices of the Products and the Services; (ii) the existing corporate deal package issued by the Supplier; (iii) the prevailing market prices of similar products and services purchased by the Purchaser; and (iv) the projected future needs for the Products and Services after taking into consideration of the business plan of the Group.

The terms of the Agreement have been reached after arm's length negotiation between the parties thereto and the Agreement has been entered into in the ordinary and usual course of business and is on normal commercial terms.

Reasons for entering into the Agreement and benefits expected to accrue to the Group

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

In September 2013, the Group successfully acquired the entire equity interest in the Purchaser (the "**Acquisition**"), which is a Macau-based casino service provider principally engaged in management of electronic gaming machines in casinos via service agreements. The Purchaser installs electronic gaming machines, including slot and multi terminal machines, slot management systems and all other associated equipment into the gaming destinations and provides full managerial support and operational and technical staff to service the electronic gaming operations. In return, the Purchaser receives periodical performance bonus payments from each casino operator which is generally calculated based on a percentage of the revenue.

Currently, the Purchaser offers the aforesaid management services to three casinos in Macau, namely Casino VIP Legend, Casino Casa Real and Casino Grandview (the “**Macau Sites**”) and also provides information technology services to another two casinos in Macau. At present, the Purchaser installs a mix of slot and multi terminal machines under different brand names in each slot hall to increase the variety of games offered to customers. It also installs a slot management system in each slot hall to monitor the performance of the slot and multi terminal machines, manage slot jackpots and operate player membership system. On top of the slot and multi terminal machines and slot management system installed in Casino VIP Legend prior to the Acquisition, the Purchaser has set up 120 and 2 slot and multi terminal machines and slot management systems respectively in the Macau Sites.

In future, the Purchaser will continue to procure new business relationship in Macau and plans to extend its geographical reach to Asia. It has a business plan to expand its operation to operate 3,000 or more slot and multi terminal machines throughout Asia in the coming three years.

It is the strategy of the Group to continue business relationship with the Supplier, which is one of the approved manufacturers of gaming systems in Macau, and acquire the slot and multi terminal machines and the slot management systems from the Supplier in consideration the need to diversify slot and multi terminal machine mix in the slot halls managed by the Purchaser and the comparatively attractive payment terms and services offered by the Supplier. In addition, the parties to the Agreement agreed that the Purchase Prices will not be less favourable than the selling prices of the Products and/or the Services sold by the Supplier to the Independent Third Parties. The Directors believe that it is beneficial for the Group to enter into the Agreement so as to secure the continual supplies of the slot and multi terminal machines and slot management systems from the Supplier.

In consideration of the above, the Directors (excluding Mr. Sneah who had abstained from voting due to conflict of interest, and the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) believe that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONNECTED RELATIONSHIP BETWEEN THE PARTIES AND THE IMPLICATIONS OF THE LISTING RULES

To the best knowledge, information and belief of the Directors, the Supplier is wholly owned by Weike (S) Pte, which is owned as to 65% by Dato Poh (who is a substantial Shareholder), 10% by Mr. Poh Yuan Rui (who is the son of Dato Poh and also a director of the Purchaser), 20% by Mr. Sneah (who is the executive Director) and 5% by Independent Third Parties. Each of Dato Poh, Mr. Poh Yuan Rui and Mr. Sneah is a director of Weike (S) Pte and the Supplier. Therefore, the Supplier is a connected person to the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined in Rule 14A.10(10) of the Listing Rules in respect of the transactions contemplated under the Agreement exceed 25% and/or the annual consideration is more than HK\$10 million, the Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

Dato Poh, Mr. Sneah and their respective associates will abstain from voting in respect of the resolution approving the Agreement and the transactions contemplated thereunder (including the Purchase Caps) at the SGM. Mr. Sneah has abstained from voting in respect of the aforesaid matters at the meeting of Board. The Independent Board Committee which comprises all the independent non-executive Directors will advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder (including the Purchase Caps). Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the abovementioned transactions.

GENERAL

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The Agreement will be subject to the fulfillment of certain conditions precedent and may or may not proceed. Shareholders and potential investors are advised to exercise caution when making any decision related to dealing in the shares of the Company.

DEFINITIONS

The following terms are used in this announcement with the meanings set out below unless context requires otherwise.

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|----------------|--|
| “Agreement” | the master supply agreement entered into between the Purchaser and the Supplier dated 18 June 2014 for the sale and purchase of the Products and Services |
| “associate(s)” | has the same meaning ascribed thereto in the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday or Sunday) on which licensed banks are open for business in Hong Kong, Macau and Singapore throughout their normal business hours |

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|-------------------------------|--|
| “Commencement Date” | the next Business Day from the date of fulfillment of the conditions to the Agreement |
| “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 |
| “connected person(s)” | has the same meaning ascribed thereto in the Listing Rules |
| “Dato Poh” | Dato Poh Po Lian, the single largest Shareholder |
| “DICJ” | the Gaming Inspection and Coordination Bureau of Macau |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent committee of the Board, comprising all the independent non-executive Directors, formed by the Board before which will advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Agreement and the transactions contemplated thereunder (including the Purchase Caps) |
| “Independent Shareholders” | Shareholders other than Dato Poh and Mr. Sneah and any of their respective associates (including Luck Continent Limited) |

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|--------------------------------|--|
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons in accordance with the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 30 September 2014 (or such other date(s) as may be agreed between the parties to the Agreement) |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Mr. Sneah” | Mr. Sneah Kar Loon, the chairman of the Company, the executive Director and the director of Weike (S) Pte and the Supplier |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan |
| “Products” | the slot and multi terminal machines and related software and systems and such other products of the Supplier as shall be agreed in writing by the parties hereto from time to time |
| “Purchase Cap(s)” | the proposed maximum purchase amount of approximately HK\$62,451,000, HK\$58,004,000 and HK\$80,674,000 for the period from the Commencement Date to 31 March 2015 and each of the two years ending 31 March 2016 and 2017 respectively |
| “Purchase Price(s)” | the purchase price(s) of the Products (exclusive of freight, carriage and insurance of the products from the warehouse of the Supplier) and the Services with reference to the existing corporate deal package issued by the Supplier subject to any change as agreed between the Supplier and the Purchaser from time to time |

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| “Purchaser” | CY Management Limited, formally known as Weike (G) Management Macau Limited, an indirect wholly-owned subsidiary of the Company with limited liability by quotas incorporated in Macau, being the purchaser of the Products and the Services under the Agreement |
| “Services” | the services to be provided by the Supplier to the Purchaser and such other services to be provided by the Supplier as shall be agreed in writing by the parties thereto from time to time |
| “SGM” | the special general meeting of the Company to be convened and held to approve, among other matters, the Agreement and the transactions contemplated thereunder (including the Purchase Caps) |
| “Share(s) ” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s) ” | the holder(s) of Share(s) |
| “Singapore” | the Republic of Singapore |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplier” | Weike Gaming Technology (S) Pte. Ltd., a company incorporated in the Singapore with limited liability whose entire issued share capital is owned by Weike (S) Pte, being the supplier of the Products and the Services under the Agreement |
| “Term” | the period from the Commencement Date to 31 March 2017 |

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| “Weike (S) Pte” | Weike (S) Pte Ltd, a company incorporated in Singapore with limited liability, the issued share capital of which is owned as to 65% by Dato Poh, 10% by Mr. Poh Yuan Rui, 20% by Mr. Sneah and 5% by Independent Third Parties |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

By order of the Board
C Y Foundation Group Limited
BALAKRISHNAN Narayanan
Executive Director

Hong Kong, 18 June 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.