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## **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1182)**

### **PROFIT WARNING**

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

The Group is expected to record a net consolidated loss for the six months ended 30 September 2014 as compared to the profit for the same period in 2013 after a preliminary review of the Group's unaudited consolidated financial information currently available.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by C Y Foundation Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company (“**Shareholders**”) and potential investors that, after a preliminary review of the Group's unaudited consolidated financial information currently available, the Group is expected to record a net consolidated loss for the six month ended 30 September 2014 (the “**Period**”) as compared to the profit for the same period in 2013.

The Board considers that the deterioration in the performance of the Group is mainly attributable to:

- (i) net loss from the electronic gaming business, which was due to the depreciation and amortization of initial investment costs;
- (ii) increase in finance cost due to the imputed interest of the convertible notes;
- (iii) share-based payments arising from share options granted to employees of the Group and directors of the Company during the Period; and
- (iv) the absence of two items of one-off income from non-operating activities for the same period in 2013, namely,
  - (a) approximate HK\$8.3 million being the gain realized from the disposal of the entire equity interest in Expert Global Investments Limited, and

- (b) approximate HK\$11.7 million being the collection of the settlement sum in relation to the entering into the deed of settlement between Lucky Zone Holdings Limited, a subsidiary of the Company and Mr. Leung Ching Yuen Ronald.

Notwithstanding the above, the Group is expected to record positive earnings before interest, tax, depreciation and amortization from its operational activities during the Period.

As the Group is still in the process of preparing and finalising its unaudited consolidated interim results for the six month ended 30 September 2014, the information contained in this announcement is only based on a preliminary assessment of the information currently available to the management. Finalised results of the Group for the six months ended 30 September 2014 will be disclosed in the interim results announcement for the six months ended 30 September 2014 to be published by the Company, which is expected to be released by the end of November 2014.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**C Y Foundation Group Limited**  
**SNEAH Kar Loon**  
*Chairman*

Hong Kong, 30 October 2014

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