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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

PROFIT WARNING AND REVISION OF GAMING BUSINESS PLAN

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 Board wishes to inform shareholders of the Company and potential investors that based on a preliminary assessment of the latest available unaudited management accounts of the Group, the loss of the Group for the year ending 31 March 2015 is expected to increase to a greater extent as compared to that of the corresponding year in 2014.

The Board further informs shareholders of the Company and potential investors that, given the recent changes in market environment in Macau, the Group is not able to achieve its target to expand the number of gaming machines in operation to 1,000 by the end of this financial year. Accordingly, the Group has extended its plan to achieve the goal of 1,000 gaming machines in operation for a further year to the financial year ending 31 March 2016. Similarly, the Group has extended its goal to achieve 3,000 gaming machines by a year to the end of the financial year ending 31 March 2018 instead of 31 March 2017. The Company expects the continuous electronic gaming business expansion will bring sustainable cash inflow and profit to the Group in the future.

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, based on a preliminary assessment of the latest available unaudited management accounts of the Group, the loss of the Group for the financial year ending 31 March 2015 is expected to increase to a greater extent as compared to that of the corresponding year in 2014. The expected loss was extended mainly attributable to:

- (i) the absence of two items of one-off income from non-operating activities for the corresponding year in 2014, 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; and
- (ii) an indication of potential impairment losses for the financial year ending 31 March 2015 in respect of the Group's intangible assets and goodwill which are subject to the further review by the Company and the finalization of impairment assessment by an independent professional valuer.

The Board wishes to emphasize that the impairment is an accounting related adjustment and a non-cash item and therefore, will not have any impact on the cash flow of the Group. All in all, the Group continues to maintain a healthy net cash balance.

Reference is made to the Company's Interim Report published on 11 December 2014. In the Business and Financial Review of the Management Discussion and Analysis section on page 36, the Company has stated its gaming business plan as follows:

“The management believes that the Group is on track to turning around. The Group will continue to look for potential sites in Macau as well as Southeast Asia. The Group's goal is to expand the number of gaming machines in operation to 1,000 by the end of this financial year, and to 3,000 by the end of the financial year ending 31 March 2017. The management expects the electronic gaming business will bring sustainable cash inflow and profit to the Group in the future.”

The Board further informs the Shareholders and potential investors that, given the recent changes in market environment in Macau, notably the enforcement of non-smoking policy in casinos, Mainland China's policies on restricting frequency of visitation to Macau and the anti-corruption drive within Mainland China, the Group has not been able to achieve its target to expand the number of gaming machines in operation to 1,000 by the end of this financial year. However, the Group will continue to explore potential sites in Macau and Southeast Asia. Accordingly, the Group has extended its plan to achieve the goal of 1,000 gaming machines in operation for a further year to the financial year ending 31 March 2016. Similarly, the Group has extended its goal to achieve 3,000 gaming machines by a year to the end of the financial year ending 31 March 2018 instead of 31 March 2017. The Company expects the continuous electronic gaming business expansion will bring sustainable cash inflow and profit to the Group in the future.

The information contained in this announcement is a preliminary assessment made by the Board based on the latest available unaudited information and such unaudited information has neither been confirmed nor reviewed by the Company's auditor and the audit committee. The annual results announcement of the Company for the financial year ending 31 March 2015 is expected to be released in June 2015.

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, 24 March 2015

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