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## **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1182)**

### **(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **(2) RESUMPTION OF TRADING**

**Placing Agent**



#### **PLACING**

On 25 May 2015, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to place up to 220,700,000 Placing Shares to not less than six Placees at a price of HK\$0.605 per Placing Share on a best effort basis.

The Placing Shares represent approximately 19.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by issue of the Placing Shares. The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the completion date of the Placing.

The Placing is conditional upon, among others, the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

**Completion of the Placing is subject to the satisfaction of the conditions precedent and the termination events set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

#### **RESUMPTION OF TRADING**

At the request of the Company, dealings in the Shares have been halted with effect from 9:00 a.m. on 21 May 2015 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 26 May 2015 following the publication of this announcement.

## **THE PLACING**

### **Introduction**

On 25 May 2015, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to place up to 220,700,000 Placing Shares to not less than six Placees at a price of HK\$0.605 per Placing Share on a best effort basis.

### **Placing Agreement**

**Date:** 25 May 2015

**Issuer:** The Company

**Placing Agent:** Haitong International Securities Company Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

### **Placees**

The Placing Shares are expected to be placed to not less than six Placees, who are professional, institutional or other investors. The Placees and whose ultimate beneficial owners shall be independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules). Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder immediately after completion of the Placing, further announcement will be made by the Company.

### **Placing Shares**

Up to 220,700,000 Placing Shares, representing approximately 19.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$2,207,000.

### **Ranking of Placing Shares**

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the completion date of the Placing.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.605 represents:

- (i) a discount of approximately 19.33% to the closing price of HK\$0.75 per share of the Company as quoted on the Stock Exchange on 20 May 2015 (being the last trading date immediately prior to the halt in trading of the Shares on the Stock Exchange pending the issue of this announcement); and

- (ii) a discount of approximately 2.73% to the average closing price per Share of HK\$0.622 in the last five consecutive trading days up to and including 20 May 2015.

The gross proceeds to be raised from the Placing will be approximately HK\$133.52 million. Based on estimated expenses of approximately HK\$1.10 million for the Placing, the net proceeds to be raised from the Placing will be approximately HK\$132.42 million. On this basis, the net price per Placing Share is approximately HK\$0.600.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

### **General Mandate**

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM held on 8 August 2014 subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM, (i.e. 220,704,642 Shares, representing 20% of 1,103,523,214 Shares in issue as at the date of the AGM). Up to the date of this announcement, no Share has been issued under the General Mandate. As the Placing Shares will be issued under the unused portion of the General Mandate, the Placing is not subject to the Shareholders' approval.

### **Conditions of the Placing**

The Placing is conditional upon the satisfaction of the following conditions:

- (1) there shall not have occurred any material breach or, or any event rendering untrue or inaccurate in a material respect, any of the representations, warranties or undertakings under the Placing Agreement;
- (2) listing of and permission to deal in all the Placing Shares being granted (subject only to allotment) by the Listing Committee of the Stock Exchange in principle and dealings of the Placing Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being revoked);
- (3) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing); and
- (4) the Placing Agreement not being rescinded by the Placing Agent.

If the above conditions precedent are not fulfilled on or before 8 June 2015 (or such later date as may be agreed between the Placing Agent and the Company), the obligations and liabilities of the Company under the Placing shall be null and void and the Company shall be released from all rights and obligations pursuant to the Placing except, save for any antecedent breaches of the Placing Agreement and that the Company shall remain liable for the payment of all costs and expenses already incurred or to be incurred in consequence of such termination. The provisions on indemnity in the Placing Agreement shall remain in full force and effect.

## **Completion of the Placing**

The completion of the Placing is expected to take place on the third Business Day (or such other time or date as the Company and the Placing Agent shall agree in writing) after the above conditions precedent of the Placing Agreement having been fulfilled.

## **Termination**

The Placing Agent may terminate the Placing Agreement if on or at any time prior to the completion of the Placing:

- (1) if there has come to the notice of the Placing Agent:
  - (a) that any statement contained in this announcement was, when this announcement was issued, or has become, untrue, incorrect or misleading in any material respect; or
  - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute a material omission therefrom; or
  - (c) any material breach of the undertakings, warranties and representations by the Company under the Placing Agreement; or
  - (d) any material breach of any of the obligations imposed upon the Company under the Placing Agreement; or
  - (e) any of the undertakings, warranties and representations by the Company would be untrue or inaccurate or misleading in any material respect if given at that time; or
  - (f) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or
- (2) if there develops, occurs, or comes into effect:
  - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agent would prejudice the success of the Placing; or
  - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agent, would prejudice the success of the Placing; or
  - (c) any change in conditions of local, national or international securities markets occurs which in the sole and absolute opinion of the Placing Agent would prejudice the success of the Placing; or

- (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC and if in the sole and absolute opinion of the Placing Agent any such new law or change would materially and adversely affect the business or financial prospects of the Group and/or prejudice the success of the Placing; or
- (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC which would, in the sole and absolute opinion of the Placing Agent, prejudice the success of the Placing; or
- (f) save as disclosed, any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Board considers that the Placing will further strengthen the capital base and financial position of the Group. The net proceeds of the Placing, after deduction of expenses of approximately HK\$1.10 million, is estimated to be of approximately HK\$132.42 million. The Company intends to apply the net proceeds to be raised from the Placing for the development and expansion of the Group's business, investment and general working capital of the Group.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the completion of the Placing is set out below:

	Existing Shareholding		After completion of the Placing	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
<i>Connected persons and substantial shareholders</i>				
Luck Continent Limited (Note 2)	321,626,412	29.10	321,626,412	24.26
Mr. Lai Hock Meng	1,900,000	0.17	1,900,000	0.14
Mr. Yong Peng Tak	800,000	0.07	800,000	0.06
Mr. Io Rudy Cheok Kei	2,600,000	0.24	2,600,000	0.20
Mr. Goh Hoon Leum	1,800,000	0.16	1,800,000	0.14
Hillsong Global Limited (Note 3)	174,217,758	15.77	174,217,758	13.14
Sub-total:	502,944,170	45.51	502,944,170	37.94
<i>Public</i>				
Places	-	-	220,700,000	16.65
Other public shareholders	602,179,044	54.49	602,179,044	45.41
Sub-total:	602,179,044	54.49	822,879,044	62.06
Total:	<b>1,105,123,214</b> =====	<b>100.00</b> =====	<b>1,325,823,214</b> =====	<b>100.00</b> =====

Notes:

1. *The number of existing Shares held by the Shareholders mentioned in the above table is based on the register of interest kept by the Company pursuant to Section 336 of the SFO as at the date of this announcement.*
2. *Dato Poh Po Lian is deemed to be interested in these Shares by virtue of his 100%-control in Luck Continent Limited.*
3. *Ms. Zhang Lin Lin is deemed to be interested in these Shares by virtue of her 100%-control in Hillsong Global Limited.*

As disclosed in the above shareholding table, immediately after completion of the Placing, a minimum of 25% of the then issued share capital of the Company will be in public hands.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company. The Group is principally engaged in manufacturing of packaging products for luxury goods in China and the provision of services on management of electronic gaming equipment in Macau.

## **RESUMPTION OF TRADING**

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## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“AGM”	the annual general meeting of the Company held on 8 August 2014
“Board”	board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which commercial banks generally are open for business in Hong Kong
“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

“Directors”	directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the proposed offer by way of a private placing of the Placing Shares, on best efforts basis, procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Haitong International Securities Company Limited
“Placing Agreement”	the conditional Placing agreement dated 25 May 2015 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.605 per Placing Share
“Placing Shares”	a total of 220,700,000 new Shares
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*By order of the Board*  
**C Y Foundation Group Limited**  
**Dato Poh Po Lian**  
*Chairman*

Hong Kong, 26 May 2015

*As at the date of this announcement, the executive directors of the Company are Dato POH Po Lian, Mr. LAI Hock Meng, the non-executive director is Mr. Carlos Luis SALAS PORRAS, the independent non-executive directors are Mr. YONG Peng Tak, Mr. IO Rudy Cheok Kei, Mr. GOH Hoon Leum and Mr. ER Kwong Wah.*