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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

**(Stock Code:
1182)**

**DISCLOSEABLE TRANSACTION
SNL BETTING SYSTEM PROCUREMENT AGREEMENT**

On 19 October 2015, in order for the Group to obtain the hardware and software required for the use by SES for its conducting of greyhound racing business in Vietnam, Expert Dragon entered into the SNL Betting System Procurement Agreement with SNL for the procurement of the Betting System from SNL.

As the relevant percentage ratio in respect of the SNL Betting System Procurement Agreement is more than 5% but less than 25%, the transaction contemplated under the SNL Betting System Procurement Agreement constituted discloseable transaction of the Company under Chapter 14 of the Listing Rules.

SNL BETTING SYSTEM PROCUREMENT AGREEMENT DATED 19 OCTOBER 2015

Reference is made to the announcement of the Company dated 13 October 2015 in relation to, among others, the entering into of an agreement dated 12 October 2015 between the Group and SES for the provision of hardware and software by the Group for the use by SES for the purpose of conducting of its greyhound racing business in Vietnam.

On 19 October 2015, in order for the Group to obtain the hardware and software required for the use by SES for its conducting of greyhound racing business in Vietnam, Expert Dragon entered into the SNL Betting System Procurement Agreement with SNL for the procurement of the Betting System from SNL.

The Directors confirmed that, to the best of their knowledge, information and belief, having made all reasonable enquiry, SNL and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

Provision of the Betting System and ancillary services

Under the SNL Betting System Procurement Agreement, SNL shall, among others:

1. supply the Hardware to Expert Dragon free from any encumbrances;
2. deliver the Hardware on the Hardware Delivery Date at the Location;
3. develop the Software for Expert Dragon in accordance with the SNL Software Development Specifications;
4. release all version of the Software in both source code and object code formats on an appropriate medium, as well as a hard copy of the source code and accompanying development notes and documentation per industry standards to Expert Dragon by the Software Final Release Date; and
5. install the Betting System at the Location on the Installation Date.

Under the SNL Betting System Procurement Agreement, once each release of the Software is deemed accepted and installed and for a period of five years, it is SNL's ongoing responsibility at no additional cost to maintain it and also to integrate it with third party software and/or users of the Software as Expert Dragon indicates in writing to SNL.

SNL also warrants that the Hardware will be free from defects in materials, workmanship and installation during the Warranty Period. If SNL receives written notice from Expert Dragon of any breach of the said warranty regarding the Hardware, then SNL shall at its own expense and within a reasonable time after receiving such notice, repair or, at its option, replace the Hardware or such parts of it as are defective or otherwise remedy such defect provided that SNL shall have no liability or obligations under the said warranty unless it shall have received written notice of the defect in question no later than the expiry of the Warranty Period.

Pursuant to the SNL Betting System Procurement Agreement, Expert Dragon shall own all patents (including any business process patents), rights to file for patents, inventions, copyrights, trademarks, trade secrets and all other right, title and interest (including any renewals or extensions) in or to the Software, developed by SNL or its employees or sub-contractors during the performance of the SNL Betting System Procurement Agreement and any derivative works thereof created by Expert Dragon.

Price

Pursuant to the SNL Betting System Procurement Agreement, in consideration for the provision of the Betting System and the ancillary installation services by SNL, the Price of US\$6,086,200 (equivalent to approximately HK\$47,168,050) shall be payable by Expert Dragon in the following manner:

- (i) 70% of which, being US\$4,260,340 (equivalent to approximately HK\$33,017,635), shall be payable upon signing of the SNL Betting System Procurement Agreement;
- (ii) 10% of which, being US\$608,620 (equivalent to approximately HK\$4,716,805), shall be payable on the Hardware Delivery Date or the Software Final Release Date, whichever is the later;
- (iii) 10% of which, being US\$608,620 (equivalent to approximately HK\$4,716,805), shall be payable after the Hardware is delivered to the Location and written notice given by Expert Dragon to SNL confirming that the Hardware so delivered is to the satisfaction of Expert Dragon after its inspection; and
- (iv) 10% of which, being US\$608,620 (equivalent to approximately HK\$4,716,805), shall be payable on the Final Acceptance Date.

The Price was determined based on arm's length negotiation between the parties with reference to market price of the Hardware and the specifications and requirements of the Software.

Information on the Group and SNL

The Group is principally engaged in the provision of services on management of electronic gaming equipment in Macau and the manufacturing of packaging products for luxury goods in the PRC.

SNL is a software development company established in Mauritius which is principally engaged in the development of customised software for electronic gaming specifically in the sports field.

Reasons for and benefits of entering into the SNL Betting System Procurement Agreement

The SNL Betting System Procurement Agreement would enable the Group to procure the hardware and software required for its provision of certain hardware and software for the use by SES for its conducting of greyhound racing business in Vietnam, which would in turn allow the Group to enter into a new business and to broaden its income stream.

The Directors (including the independent non-executive Directors) believe that the terms of the SNL Betting System Procurement Agreement are fair and reasonable and are in the interests of the Group and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio in respect of the SNL Betting System Procurement Agreement is more than 5% but less than 25%, the transaction contemplated under the SNL Betting System Procurement Agreement constituted discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Betting System”	collectively, the Hardware and the Software
“Board”	board of Directors
“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
“Expert Dragon”	Expert Dragon Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Final Acceptance Date”	the date on which Expert Dragon delivers a notice to SNL confirming that the Betting System so installed is to the satisfaction of Expert Dragon

“Group”	the Company and its subsidiaries
“Hardware”	the equipment as specified in the SNL Betting System Procurement Agreement, and any replacement equipment and/or parts to be provided by SNL, which is required for the operation of the Betting System
“Hardware Delivery Date”	the date of delivery of the Hardware, as specified by Expert Dragon in writing in accordance with the terms and conditions of the SNL Betting System Procurement Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Installation Date”	the date of installation of the Betting System, as specified by Expert Dragon in writing in accordance with the terms and conditions of the SNL Betting System Procurement Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Location”	the premises in which the Betting System is installed
“Price”	US\$6,086,200 (equivalent to approximately HK\$47,168,050), being the price for the Betting System and the services to be provided pursuant to the SNL Betting System Procurement Agreement
“SES”	Sports and Entertainment Services Joint Stock Company
“SNL”	Sports Network Limited, an independent third party
“SNL Betting System Procurement Agreement”	an agreement dated 19 October 2015 entered into between Expert Dragon and SNL for the Group’s procurement of the Betting System from SNL
“SNL Software Development Agreement”	an agreement dated 10 July 2015 entered into between Expert Dragon and SNL pursuant to which Expert Dragon engaged SNL to conceptualise and develop certain Software

“Software”	the software designed by SNL pursuant to the SNL Software Development Agreement and developed and delivered to Expert Dragon pursuant to the SNL Betting System Procurement Agreement, to be installed in the Hardware
“Software Development Specifications”	the specifications of the Software as specified in the SNL Betting System Procurement Agreement
“Software Final Release Date”	the date on which all version of the Software in both source code and object code formats on an appropriate medium, as well as a hard copy of the source code and accompanying development notes and documentation per industry standards is released to Expert Dragon as specified by Expert Dragon in writing in accordance with the terms and conditions of the SNL Betting System Procurement Agreement
“Software Release Date”	each of the date on which the initial version of the Software and each of its subsequent versions (after the development of further enhancements and phased work) is functional and operational in accordance with the Software Development Specifications and is ready to be launched
“Shareholders”	shareholders of the Company
“SNL”	Sports Network Limited, an independent third party
“SNL Software Development Agreement”	an agreement dated 10 July 2015 entered into between Expert Dragon and SNL for the design and development of the Software
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vietnam”	the Socialist Republic of Vietnam
“Warranty Period”	a period of twelve months after the Final Acceptance Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

“%”

per cent.

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.75 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ and US\$ have been, could have been or may be converted at such rate or any other exchange rate.

By order of the Board
C Y Foundation Group Limited
Carlos Luis Salas Porrás
Chairman and executive Director

Hong Kong, 20 October 2015

As at the date of this announcement, the executive Directors are Mr. Carlos Luis SALAS PORRAS and Mr. GOH Hoon Leum; the independent non-executive Directors are Mr. YONG Peng Tak, Mr. ER Kwong Wah and Mr. LEUNG Po Hon.