



## DFNN GROUP OF COMPANIES

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Via ODiSy

January 11, 2010

### **PHILIPPINE STOCK EXCHANGE, INC.**

Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

Attention: **Ms. Janet A. Encarnacion**  
Head, Disclosure

Gentlemen:

This is to inform the Philippine Stock Exchange that DFNN received today a non-binding term sheet from Cowson Holdings, Ltd. ("Cowson") and Kirschner Games International, Inc. ("KGI"), a Philippine company.

The following are the major points of the non-binding term sheet:

1. Cowson, a Macao based company, subject to due diligence, shall invest a maximum of US Dollar Three Million (US \$ 3,000,000.00) in primary shares of DFNN at an agreed price of Twenty Five Pesos **(P 25.00) per share**.
2. The primary investment into DFNN will be used to partially fund a purchase of a still to be determined amount of shares in KGI. KGI supplies technologies and systems for use in the Philippine Amusement and Gaming Corporation's (PAGCOR) gaming operations. Under said term sheet, the parties have agreed to allow Cowson to assist in managing the operations of KGI under an appropriate management agreement. Cowson's management is composed of successful and experienced Technology and Gaming executives from Macao.
3. A further minimum of US Dollar Three Million (US \$ 3,000,000.00) will be used to purchase DFNN secondary shares from the open market with the view of acquiring a board seat subject to the appropriate disclosures and regulations of the Philippine Stock Exchange.
4. Cowson shall have the option to invest a further US Dollar Seven Million (US\$ 7,000,000.00) in shares of Pacific Gaming Investments ("PGI") **(DFNN's majority owned gaming subsidiary)**, as and when; the latter is listed on the Singapore Stock Exchange



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5. Cowson commits an additional US Dollar Seven Million (US\$ 7,000,000.00) to fund the operations of KGI with respect to fully developing gaming provision and technology business.

Cowson has been given a period of forty five (45) days from the execution of the term sheet within which to complete its due diligence. During the same period, DFNN, Cowson and KGI shall negotiate the terms of more definitive agreements implementing the investment of Cowson into DFNN and the subsequent investment of DFNN into KGI.

Earlier last week, DFNN's Subsidiary, Pacific Gaming Investment executed a term sheet with Straitwey Pte. Ltd., a subsidiary of the Japan Gaming Development Organization "JGDO" in which it was to invest US Dollar Five Million (US\$ 5,000,000.00) in primary shares at US Dollar Two Hundred and Fifty Five and Ninety Eight Cents per share (US \$255.98) in PGI and another US Dollar Two Million (US\$ 2,000,000.00) in secondary shares.

Cowson is a consulting and engineering firm registered in the Macao, Special Administrative Region (SAR). Cowson's clients include the Chinese Government and its agencies in both Macao and China (specifically in the Pearl Delta region). It deals with various international corporations and listed companies. Cowson also act as agents and suppliers for a number of international electrical branding goods and wares.

Kirschner Games is in the business of managing projects related to new media gaming solutions in terms of providing content for the operation and the infrastructure of hardware, network, and software related to the gaming operations required. KGI also provides the distribution channels and marketing or publicity services for successful sales of new media games. KGI intends to cater to new media and games not normally found in a land based casino environment.

We trust you will find the foregoing disclosure in order.

**DFNN, INC.**

By:



Patricia De Las Cagigas  
Corporate Information Officer