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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

ANNOUNCEMENT ON KEY FINDINGS OF INDEPENDENT FINANCIAL ANALYSIS AND DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

KEY FINDINGS OF INDEPENDENT FINANCIAL ANALYSIS

The Board would like to update the shareholders on certain key findings from the Independent Financial Analysis carried out by Deloitte for the Company's financial position as at 31 March 2011. It is likely that a significant loss will be recorded by the Group for the year ended 31 March 2011.

DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The Board expects both the publication of Annual Results Announcement and despatch of the 2011 Annual Report cannot meet the deadlines as stipulated under the Listing Rules i.e. by 30 June 2011 and 31 July 2011 respectively. It is expected that the Annual Results Announcement and the 2011 Annual Report will be published and despatched to the Shareholders on or around 31 August 2011.

KEY FINDINGS OF INDEPENDENT FINANCIAL ANALYSIS

Reference is made to the announcement of the Company dated 9 May 2011 in relation to the appointment of Deloitte Touche Tohmatsu ("**Deloitte**") as the independent accountant to carry out an analysis on the financial position of the Company and its subsidiaries (the "**Group**") as at 31 March 2011 (the "**Independent Financial Analysis**").

The board of directors (the "**Board**") of the Company would like to update the shareholders on certain key findings from the Independent Financial Analysis.

As disclosed in the Company's interim report 2010/11 published on 29 November 2010, the Company's condensed consolidated statement of financial positions comprised the following major items:

	Approximately (HK\$ Million)
1 Network culture operating license	14.5
2 Deposits paid for the acquisitions of various Poker, Bingo and online games	39.3
3 Investment in various convertible notes issued by private companies	61.2
4 Deposit paid for the acquisition of a PRC property	23.7
5 Investment in an associate	24.8
6 Goodwill arising from acquisition of a subsidiary in previous year	101.3

Based on information provided by the management of the Group, Deloitte conducted an analysis and noted some indications on possible impairments on the major items of the Statement of Financial Position as at 31 March 2011. In this report, Deloitte recommended the Audit Committee to consider making provisions on, amongst others, items numbered 1 to 6 above. If the provisions for asset impairments are approved and reflected in the consolidated financial statements of the Group, it is likely that a significant loss will be recorded by the Group for the year ended 31 March 2011 as compared with that for the year ended 31 March 2010.

The Board also noticed that impact of such provisions as to the asset positions of the Group and the significant decline in Group's cash position during the year ended 31 March 2011. The Board is evaluating various alternatives to improve the liquidity of the Company, including but not limited to divesting non-core investments, bank or other forms of debt or equity financing.

However, as at the date of this announcement, there is no negotiations or agreements relating to the issuance of new shares, intended acquisitions or realizations which are discloseable under Rule 13.09 or 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

As the Company is still in the process of finalizing its results for the year ended 31 March 2011, information contained in this announcement is derived from preliminary assessment by the Board based on the latest consolidated management accounts of the Group and recommendations from Deloitte. Review for the financial statements for the year ended 31 March 2011 has not been completed by the auditors of the Company, as at the date of this announcement.

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

DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Pursuant to the Listing Rules, the publication of annual results announcement (the “**Annual Results Announcement**”) and despatch of annual report (the “**2011 Annual Report**”) of the Company for the financial year ended 31 March 2011 to the shareholders of the Company (the “**Shareholders**”), including its audited annual accounts, have to take place not more than three months and four months respectively after the date upon which its financial year ended, that is, 30 June 2011 and 31 July 2011 respectively.

The Board wishes to inform the Shareholders that the review and audit of the consolidated annual financial statements of the Group for the financial year ended 31 March 2011 will commence after the completion of the Independent Financial Analysis, there will be a delay of the publication of the Annual Results Announcement and despatch of the 2011 Annual Report. It is currently expected that the Annual Results Announcement and the 2011 Annual Report will be published and despatched to the Shareholders on or around 31 August 2011.

The directors of the Company confirm that, in compliance with Rule A.3 of Appendix 10 of the Listing Rules, they have not dealt in any securities of the Company since 6 May 2011 and further confirm that they will not deal in the securities of the Company until the Annual Results Announcement is published.

The delay of publication of the Annual Results Announcement and the despatch of the 2011 Annual Report constitutes a breach of Rules 13.46 and 13.49 of the Listing Rules.

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended from 9:30 am on 31 August 2010 and will remain suspended until further notice.

By order of the Board
C Y Foundation Group Limited
Sik Siu Kwan
Company Secretary

Hong Kong, 28 June 2011

As at the date of this announcement, the executive directors of the Company are Mr. SNEAH Kar Loon, Dato LIM Kim Wah (also known as “Dato LIM Sze Guan”), Mr. CHENG Chee Tock Theodore (duty suspended) and Mr. WOELM Samuel, the non-executive Directors are Mr. IO Rudy Cheok Kei and Mr. NG Kwok Lun, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. LAW Chiu William, Dato MYHRE Carl Gunnar, Mr. BALAKRISHNAN Narayanan and Mr. YONG Peng Tak.