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C Y FOUNDATION GROUP LIMITED
(incorporated in Bermuda with limited liability)
(Stock code: 1182)

Termination of Agreement in relation to a Discloseable Transaction

Reference is made to the First Announcement, the Circular and the second announcement (“Second Announcement”) dated 14 November 2008, 5 December 2008 and 6 February 2009 respectively in relation to a discloseable transaction. Capitalized terms used herein shall have the same meanings as those defined in the First Announcement, the Circular and the Second Announcement unless the context otherwise requires.

As announced in the Second Announcement, the Subscriber, Profit Grow and Zhongcheng entered into a Second Supplemental Agreement, whereby the parties have agreed, inter alia, to extend the deadline for fulfillment of a Condition Precedent i.e. the raising of funds of no less than US\$20 million by the Company or the Subscriber for the Subscription as well as the transactions contemplated under the Agreement from 5 February 2009 to 6 April 2009 (“Extended Deadline”).

On 7 April 2009, the Company announced that the aforementioned Condition Precedent has not been fulfilled on or before the Extended Deadline. As a result of such non-fulfillment, the Agreement is terminated and all rights and obligations of the parties shall cease pursuant to the terms of the Agreement. Upon termination, the parties to the Agreement shall have no claim against the others except for antecedent breach and the refund of the Earnest Money to the Subscriber.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

INTRODUCTION

On 14 November 2008, the Board announced that the Subscriber (being a wholly owned subsidiary of the Company), Profit Grow and Zhongcheng entered into the Agreement and the Supplemental Agreement on 10 November 2008 and 14 November 2008 respectively, pursuant to which the Subscriber has conditionally agreed to subscribe for and Profit Grow has conditionally agreed to allot and issue the Subscription Shares at the Consideration of HK\$30 million.

Pursuant to the Agreement, the Subscriber shall upon Completion make available to Profit Grow the Loan of HK\$40 million for a term of two years for financing its working capital and investment in the Target Group. The parties to the Agreement have also agreed that, upon

Completion, Profit Grow shall advance the Second Loan of HK\$15 million to ZSTC for a term of two years on the condition that ZSTC shall provide technical assistance to the Target Group in the operation and development of the Projects. A guarantee in favour of Profit Grow will be given by the Guarantor for the repayment of the Second Loan and interest thereon.

On 6 February 2009, the Subscriber, Profit Grow and Zhongcheng entered into a Second Supplemental Agreement, whereby the parties have agreed to (i) extend the Long Stop Date from 10 February 2009 to 9 April 2009; (ii) extend the deadlines for the fulfillment of two of the Conditions Precedent to the Subscription i.e. (a) for the raising of funds of no less than US\$20 million by the Company or the Subscriber for the Subscription as well as the transactions contemplated under the Agreement, from 5 February 2009 to 6 April 2009 and (b) for the completion of a due diligence review to the satisfaction of the Subscriber, from 30 January 2009 to 31 March 2009.

Reference is made to the First Announcement, the Circular and the Second Announcement dated 14 November 2008, 5 December 2008 and 6 February 2009 respectively in relation to a discloseable transaction. Capitalized terms used herein shall have the same meanings as those defined in the First Announcement, the Circular and the Second Announcement unless the context otherwise requires.

TERMINATION OF THE AGREEMENTS

On 7 April 2009, the Company announced that as one of the aforementioned Conditions Precedent i.e. the raising of funds of no less than US\$20 million by the Company or the Subscriber for the Subscription as well as the transactions contemplated under the Agreement has not been fulfilled before the Extended Deadline, the Agreement is terminated and all rights and obligations of the parties shall cease pursuant to the terms of the Agreement. Upon termination of the Agreement, the parties thereto shall have no claim against the others in respect of the Agreement except for antecedent breach, if any, and the refund of the Earnest Money in the sum of HK\$3 million to the Subscriber. According to the Agreement, the Earnest Money shall be refunded without interest within 7 days upon written demand by the Subscriber which has been made on 7 April 2009.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

By order of the Board
Cheng Chee Tock Theodore
Chairman

Hong Kong, 7 April 2009

As at the date hereof, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Dato POH Po Lian, Mr WOELM Samuel, Mr WU Chuang John and Mr CAO Dongxin; and the independent non-executive directors are Mr SZE Tsai Ping Michael, Dr CHOW Steven, and Mr WANG Shan Chuan.