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

Discloseable Transaction – Disposal of Subsidiaries

The Board announces that, on 8 August 2008, Hamlet Profits, a wholly-owned subsidiary of the Company and as the Vendor, entered into the Agreement with Great Rider as the Purchaser to dispose of the Entire Interests in Goldgain Services at the consideration of HK\$1,925,679.39.

The Agreement constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, details of the Agreement will be dispatched to the Shareholders as soon as practical.

THE AGREEMENT

Date: 8 August 2008

Vendor: Hamlet Profits, a wholly-owned subsidiary of the Company

Purchaser: Great Rider, which is principally engaged in investment holding, and to the best of the Director’s knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties

Subject disposed of: The Entire Interests, representing the entire issued share capital of Goldgain Services and all amounts outstanding from Goldgain Services Group to the Remaining Group as at Completion.

Completion

Completion took place on 8 August 2008, being the date of the Agreement. Upon Completion, the Company ceased to hold any interest in Goldgain Services Group.

Consideration

The consideration for the Disposal is HK\$1,925,679.39 which is equivalent to the face value of the Sale Loan plus the consolidated net asset value of the Goldgain Services Group as at the date of Completion. The consideration was settled in cash upon Completion. The proceeds from the Disposal will be used as additional working capital for the Remaining Group.

INFORMATION ON GOLDGAIN SERVICES GROUP

Goldgain Services Group was principally engaged in apparel trading in China which has ceased operation subsequent to the financial year ended 31 March 2008. For the year ended 31 March 2008, around 24% of the total revenue of the apparel business of the Group was attributed from Goldgain Services Group. As at 31 March 2008, the total assets and the total liabilities of Goldgain Services Group represented around 40% and 38% respectively of that of the Group's total apparel operation. Accordingly Goldgain Services Group was considered a minor portion of the apparel trading business of the Group. At the moment, the Directors do not anticipate further disposal of any part of the remaining portion of the apparel trading business in the near future. The financial information of Goldgain Services Group as extracted from its combined financial accounts prepared in accordance with the generally accepted accounting principles in Hong Kong are as follows:

	For year ended 31 March 2007 (unaudited) HK\$	For year ended 31 March 2008 (unaudited) HK\$	As at 8 August 2008 (unaudited) HK\$
Loss before and after taxation	4,927,000	3,647,000	
Net liabilities			4,207,722.31
Net amount of Sale Loan			6,133,401.70

PURPOSE OF THE DISPOSAL

The principal activity of the Group is online game tournament services, apparel trading and strategic investments. As stated in the latest annual report of the Company, the Board had determined to shift the Group's resources from its operation in apparel trading to the development of the online game business. As the Board is prepared to gradually phase out from the operation of apparel trading business and to place its emphasis in online game business, the Disposal provided a good opportunity for the Group to realize its investments in this business segment at book value. No profit and loss will be recorded for the Remaining Group for the Disposal. The Directors consider the terms of the Agreement fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

The Agreement constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, the details of the Agreement will be dispatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

“Agreement”	the agreement dated 8 August 2008 made between Great Rider as purchaser and Hamlet Profits as vendor in relation to the Disposal
“Board”	the board of Directors
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange

“Completion”	completion of the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Entire Interests by Hamlet Profits to Great Rider
“Entire Interests”	the entire issued share capital of Goldgain Services and the Sale Loan
“Goldgain Services”	Goldgain Services Limited, a company incorporated in Samoa and a wholly-owned subsidiary of the Company before Completion
“Goldgain Services Group”	Goldgain Services and its subsidiaries
“Great Rider” or “Purchaser”	Great Rider Limited, which and whose ultimate beneficial owner are Independent Third Parties
“Group”	the Company and its subsidiaries
“Hamlet Profits” or “Vendor”	Hamlet Profits Limited, a wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	party(ies) which is/are independent of the Company and the connected persons of the Company as defined under the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Remaining Group”	the Group other than Goldgain Services Group
“Sale Loan”	the net amounts due from Goldgain Services Group to the Remaining Group as at Completion
“Shareholder(s)”	shareholder(s) of the Company

By order of the Board
Cheng Chee Tock Theodore
Chairman

Hong Kong, 14 August 2008

As at the date hereof, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Dato POH Po Lian, and Mr WOELM Samuel; non-executive directors are 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.