



FOUNDATION GROUP LIMITED

基業控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

OFFICIAL GOVERNMENT OPERATING LICENCE ISSUED TO THE PRC ENTITY TO WHICH THE COMPANY HAS 80% EFFECTIVE INTEREST FOR OPERATING BUSINESS IN THE PRC

The board of directors ("Board") of Foundation Group Limited ("Company") refers to the announcement of the Company dated 8 March 2007 ("Previous Announcement") regarding its acquisition of CYC Investments Limited which effectively will have an 80% interest in C Y Foundation Culture Company Limited 中青基業文化有限公司 ("CYFCC", which was referred to as CYNCC and was intended to be named as China Youth Network Culture Company, Limited 中青網絡文化有限公司 in the Previous Announcement), which the other 20% interest is owned as to 10% by Network Movie Centre of the Central Committee of the Communist Youth League of China 共青團中央網絡影視中心 and as to 10% by Beijing Jixin Weiye Science and Trading Company, Limited 北京紀鑫偉業科貿有限公司. CYFCC is intended to engage in the business of hosting, organizing and coordinating activities for online chess and poker game tournaments and other electronic game tournaments, as well as cooperating with other companies to co-host such electronic game tournaments.

The Board announces that the official government operating licence to allow CYFCC to operate business has been issued on 28 April 2007 and was duly delivered to CYFCC. Accordingly, the capital money of Rmb 10 million has already been injected by the respective ultimate shareholders into CYFCC which will begin to develop its above intended businesses at full pace.

On behalf of the Board
Cheng Chee Tock Theodore
Chairman

Hong Kong, 15 May 2007

As at the date hereof, the executive directors of the Company are Mr Cheng Chee Tock Theodore (Chairman), Dato Poh Po Lian, and Mr Sam Woelm (chief executive officer), Mr Wu Chuang John; and the independent non-executive directors are Mr Sze Tsai Ping Michael, Dr Chow Steven, and Mr Wang Shan Chuan.

* *for identification purpose only*

Please also refer to the published version of this announcement in The Standard and China Daily.