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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

The Board announces that on 9 September 2012, the Vendor, a wholly-owned subsidiary of the Company, has entered into the Provisional Agreement with the Purchaser pursuant to which the Vendor will sell and the Purchaser will acquire the Property for a consideration of HK\$17,500,000. Pursuant to the terms of the Provisional Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 24 September 2012.

As the applicable Percentage Ratios of the Disposal under the Listing Rules exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

THE PROVISIONAL AGREEMENT

Date : 9 September 2012 for the Provisional Agreement

Vendor : Kingbox (Asia) Limited, a wholly-owned subsidiary of the Company

Purchaser : Mr. CHIANG Kin Hing

Property : Unit D, 5/F, Dragon Industrial Building, Cheung Sha Wan, Kowloon, Hong Kong

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons as defined under the Listing Rules.

SALE AND PURCHASE

Pursuant to the Provisional Agreement, the Vendor will sell and the Purchaser will purchase the Property upon the terms contained therein. The Vendor and the Purchaser will enter into the Formal Agreement on or before 24 September 2012. The Formal Agreement, which will set out the terms of the Disposal in more detail, will supercede the Provisional Agreement.

INFORMATION OF THE PROPERTY

The Property is located at Unit D, 5/F, Dragon Industrial Building, Cheung Sha Wan, Kowloon, Hong Kong, which is a premises for industrial use and has a gross floor and saleable area of approximately 7,869 sq. feet. The Property was acquired by the Group in 2008. The Property is currently being occupied by the Vendor as warehouse and office.

CONSIDERATION

The consideration for the Disposal is HK\$17,500,000 which will be settled by the Purchaser in cash in the following manner:

- (i) a sum of HK\$800,000, being the initial deposit and partial payment of the consideration, has been paid by the Purchaser to the Vendor upon the signing of the Provisional Agreement;
- (ii) a sum of HK\$950,000, being further deposit and partial payment of the consideration will be paid by the Purchaser to the Vendor upon the signing of the Formal Agreement, which is expected to be on or before 24 September 2012; and
- (iii) the balance of the consideration of HK\$15,750,000 will be paid by the Purchaser to the Vendor upon Completion on or before 26 October 2012.

The consideration was determined after arm's length negotiations between the parties on normal commercial terms by reference to the prevailing market price of properties in the same building and at nearby location.

COMPLETION AND LEASE-BACK ARRANGEMENT

Completion of the sale and purchase of the Property shall take place on or before 26 October 2012. The Purchaser shall immediately after Completion lease back the Property to the Vendor at a monthly rental of HK\$60,000. The lease term will be for one year plus an option to renew the lease for one further year at the same rate commencing on 26 October 2013.

REASONS AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are manufacturing and sales of packaging products, operating internet and digital entertainment business and watch trading. The Vendor is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the

Company. The principal activity of the Vendor is manufacturing and sales of packaging products.

The Directors consider the prevailing property market conditions in Hong Kong a good opportunity for the Disposal which will enhance the liquidity of the Group. The Directors consider that the terms of the Provisional Agreement are on normal commercial term, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The proceeds from the Disposal will firstly be applied to repay the outstanding facilities and the balance will be used as general working capital of the Group.

Upon Completion, it is estimated that the Group will record a gain on disposal of approximately HK\$9,030,000 before deducting relevant expenses. Such gain is estimated based on the difference between the Consideration and the carrying value of the Property of approximately of HK\$8,470,000 as at 31 March 2012. Shareholders and investors should note that the figure is subject to final audit of the Group.

LISTING RULES IMPLICATION

As based on the last published accounts of the Company certain percentage ratios under rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to disclosure by way of an announcement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Formal Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the consideration for the Disposal, being HK\$17,500,000
“Directors”	directors of the Company

“Disposal”	the disposal of the Property by the Vendor subject and upon the terms and conditions of the Formal Agreement
“Formal Agreement”	the formal sale and purchase agreement to be entered into by the Vendor and the Purchaser on or before 24 September 2012 in respect of the Disposal
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Property”	Unit D, 5/F, Dragon Industrial Building, Cheung Sha Wan, Kowloon, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase of the Property dated 9 September 2012 entered into between the Vendor and the Purchaser
“Purchaser”	Mr. CHIANG Kin Hing, an independent third party, the purchaser of the Property under the Provisional Agreement and the Formal Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Kingbox (Asia) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“sq. feet”	square feet

By order of the Board
C Y Foundation Group Limited
Sneah Kar Loon
Chairman

Hong Kong, 9 September 2012

As at the date of this announcement, the executive Directors of the Company are Mr. SNEAH Kar Loon, Mr. SIK Siu Kwan and Mr. NG Kwok Lun, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. BALAKRISHNAN Narayanan, Mr. YONG Peng Tak and Mr. IO Rudy Cheok Kei.