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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board of the Company wishes to inform the Shareholders and potential investors that the Group is expected to record a significant loss for the six months ended 30 September 2012.

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

This announcement is made by C Y Foundation Group Limited (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on the information currently available, the Group is expected to record a significant loss for the six months ended 30 September 2012.

The Board considers that the deterioration in the performance of the Group is mainly attributable to:

- (i) a decrease in turnover and gross margin as a result of global economic downturn caused by the on-going debt crisis in Europe and U.S economy;
- (ii) a significant increase in labour costs as the Group’s manufacturing section is operated under a labour intensive model; and
- (iii) the write off of the entire carrying value of goodwill of about HK\$15 million arising from the previous acquisition of Kingbox (Asia) Limited and resulting from a significant loss expected to be incurred by Kingbox (Asia) Limited.

As the Group is still in the process of finalizing its unaudited consolidated results for the six months ended 30 September 2012, the information contained in this announcement is only based on a preliminary assessment of the information available by the management. Finalized results of the Group for the six months ended 30 September 2012 will be disclosed in the interim results announcement of the Group, which is expected to be released by the end of November 2012.

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

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

Hong Kong, 6 November 2012

As at the date of this announcement, the executive Directors of the Company are Mr. SNEAH Kar Loon 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.