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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

ANNOUNCEMENT FURTHER UPDATE ON ICAC INVESTIGATION

References is made to the announcements of C Y Foundation Group Limited (the “**Company**”) dated 13 September 2010, 7 October 2010 and 7 March 2011 (collectively, the “**Announcements**”) in relation to the investigation conducted by the Independent Commission Against Corruption (“**ICAC**”). Capitalised terms used herein shall have the same meanings as stated in the Announcements unless otherwise specified.

Mr. Cheng Chee Tock Theodore (“**Mr. Cheng**”), used to be an executive Director of the Company whose duties was suspended with effect from 8 April 2011, has been involved in the ICAC investigation since 30 August 2010. Pursuant to the Amended Charges issued by the Eastern Magistracy of the Hong Kong Special Administrative Region dated 6 May 2011, Mr. Cheng was charged by ICAC with one count of fraud under section 159C(6) of the Crimes Ordinance, Cap. 200. It was alleged that Mr. Cheng and Yu Philip, between 2 April 2007 and 28 January 2008, both dates inclusive, conspired together and with Nam Kok Teng (alias Kok Teng Nam) to defraud the board of Directors (the “**Board**”) and shareholders of the Company by dishonestly, (i) falsely concealing the Company that Mr. Cheng had a beneficiary or financial interest in a property at 17th Floor, No. 200 Gloucester Road, Wanchai (the “**Property**”); and (ii) falsely representing to the Company that acquisition of the Property by the Company did not constitute a connected transaction for the purpose of the Listing Rules, thereby inducing the Company to complete the purchase of the Property without convening the required company meeting(s) or complying with the Listing Rules. A court hearing was heard on 6 May 2011 whereby the charge against Mr. Cheng was amended to conspiracy to defraud, contrary to common law and punishable under section 159C(6) of the Crimes Ordinance, Cap. 200. Mr. Cheng had lodged an opposition against the above charge and the case was further adjourned to 6 February 2012.

Based on information available to and to the best knowledge of the Directors, the ICAC investigation was initiated against Mr. Cheng in his own personal capacity. Pursuant to the annual general meeting of the Company held on 6 October 2011 (the “**AGM**”), the re-election of Mr. Cheng as Director was voted down and Mr. Cheng ceased to be the Director of the Company at the conclusion of the AGM.

Reference is also made to the Company’s announcement on 17 September 2010 whereby the Property was disposed for a consideration of HK\$70,924,800 and completion has taken place on or around 28 December 2010.

With the departure of Mr. Cheng, the Board believes the Company no longer has any relationship with the ICAC investigation. The Board further believes that the ICAC investigation will not have any material impact on the operations of the Group as a whole.

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:30 am on 31 August 2010 and will continue to be suspended until further notice.

On behalf of the Board
C Y Foundation Group Limited
Sneah Kar Loon
Chairman

Hong Kong, 6 October 2011

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