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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

This announcement is made pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (“Takeovers Code”).

References are made to the announcements of the Company dated 19 October 2010 and 16 September 2010 relating to possible acquisition of shares by a substantial shareholder of the Company and the announcement of the Company dated 12 August 2010 relating to unusual price movement in the shares of the Company respectively (collectively “Announcements”). Capitalized terms used herein shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

The Board wishes to update the Shareholders on the progress of the Possible Acquisition.

After further enquiry to Ms Yung, the Board was given to understand that there is no further progress made by Ms Yung towards the Possible Acquisition since the last announcement made by the Company dated 19 October 2010 until the date of this announcement.

The Possible Acquisition may or may not materialize. Shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the securities of the Company.

Trading in the Shares on the Stock Exchange has been suspended from 9:30 am on 31 August 2010 and will remain suspended until further notice.

Respective associates (including shareholders holding 5% or more in the Shares) of the Company and Ms Yung are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (including shareholders holding 5% or more in the Shares) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive (as defined in the Takeovers Code) in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive (as defined in the Takeovers Code) with relevant information as to those dealings, including identities of clients, as part of that co-operation.

On behalf of the Board
C Y Foundation Group Limited
Woelm Samuel
Executive Director

Hong Kong, 18 November 2010

As at the date of this announcement, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Mr WOELM Samuel, Mr WU Chuang John, Mr CAO Dongxin, Mr HO Chi Chung Joseph, Mr YU Ping, Mr ZHANG Yiwei, Mr TANG Ming and Mr HU Xichang; and the independent non-executive directors of the Company are Mr WANG Shanchuan, Mr NG Pui Lung and Mr FUNG Pui Cheung Eugene.

The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.