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C Y FOUNDATION GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1182)

**ANNOUNCEMENT PURSUANT TO RULES 3.7 AND 3.8
OF THE TAKEOVERS CODE**

This announcement is made pursuant to Rules 3.7 and 3.8 of the Hong Kong Code on Takeovers and Mergers (“Takeovers Code”).

References are made to the announcements of the Company dated 12 August 2010 relating to unusual price movement and resumption of trading respectively (“Announcements”). Capitalized terms used herein shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

The Board stated in the Announcements the Possible Acquisition by a substantial shareholder of the Company, Ms YUNG Leonora (“Ms Yung”), the spouse of Mr CHENG Chee Tock Theodore, who is the Chairman and an executive director of the Company.

The Board has further clarified with Ms Yung for an update on the Possible Acquisition. The Board understands from Ms Yung that she still has not determined the number of Shares she will acquire nor has she identified any particular vendor for the Possible Acquisition, which may or may not materialize.

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.

As at the date of this announcement, the Company has a total of 6,968,710,326 Shares of HK\$0.001 each in issue and outstanding share options to subscribe for an aggregate of 1,575,000 Shares. Save for the share option, there were no other outstanding securities convertible or exchangeable into Shares as at the date of this announcement.

Trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. 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
Woelm Samuel
Executive Director

Hong Kong, 16 September 2010

As at the date hereof, 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 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.