

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

Financial adviser to the Company



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

**ANNOUNCEMENT PURSUANT TO RULES 3.7 AND 3.8
OF THE TAKEOVERS CODE
AND
POSSIBLE VOLUNTARY SECURITIES EXCHANGE OFFER**

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

Reference is made to the announcement of the Company dated 13 July 2010 (“Announcement”) and this announcement is made further to the Announcement with information required by the Takeovers Code.

The board of directors of C Y Foundation Group Limited (“Company”) announces that the Company received a letter from Asian Capital (Corporate Finance) Limited on 12 July 2010 (“Letter”) that its client, China Trends Holdings Limited (“China Trends”, a company listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”)), was contemplating making a securities exchange offer for the shares and share options of the Company involving issue of new shares of China Trends (“Contemplation”). According to the Letter, the terms of the possible securities exchange offer have not been determined, and the securities exchange offer may constitute a very substantial acquisition of China Trends, and will be subject to, inter alia, the approval of shareholders of China Trends in accordance with the requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. The Company will make further announcement according to the development of the Contemplation.

As disclosed in the Announcement, since announcement for the close of the offer period on 7 July 2010, the Company has negotiated equity fund raising exercise to finance expansion of business of the Company, which may or may not materialize (“Fund Raising”).

The Contemplation and the Fund Raising may or may not materialize. Therefore, shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the securities of the Company.

Securities of the Company

As at the date of this announcement, the Company has a total of 6,968,710,326 ordinary shares of HK\$0.001 each (“Shares”) in issue and outstanding share options to subscribe for an aggregate of 7,575,000 Shares. Save for the share option, there were no other convertible securities or exchangeable of the Company outstanding as at the date of this announcement.

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 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, 13 July 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.