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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

Reference is made to the announcement of the Company dated 21 April 2010 (**the “Announcement”**) in relation to, among other things, an approach from the Potential Purchaser to acquire all or part of the Shares held by Luck Continent Limited (**“Luck Continent”**), a substantial shareholder of the Company holding 3,246,264,127 Shares (represented approximately 46.58% of the total issued Shares as at the date of this announcement) (**the “Possible Acquisition”**), which, if materializes, may or will lead to a mandatory general offer being made by the Potential Purchaser. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company has been advised by Luck Continent that the talks relating to the Possible Acquisition with the Potential Purchaser are still ongoing, but no agreement has been reached by the parties and that no commitment has been made by any party, nor was there any firm intention to make an offer.

Shareholders and potential investors should take note that there is no certainty that the talks relating to the Possible Acquisition will proceed or that the same will result in a binding agreement or a change of control of the Company. Shareholders and potential investors are urged to exercise caution when dealing in the Shares and any other securities of the Company.

This announcement is issued pursuant to Rule 3.7 of the Takeovers Code. Shareholders will be informed of any further development with regards to the Possible Acquisition as and when necessary and on a monthly basis pursuant to Rule 3.7 of the Takeovers Code until an announcement of a firm intention to make an offer or of a decision not to proceed with an offer is made in compliance with the Takeovers Code.

By order of the Board
WOELM Samuel
Executive Director

Hong Kong
26 May 2010

The Directors 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.

As at the date hereof, the Board comprises 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 as executive directors; Mr. WANG Shan Chuan, Mr. NG Pui Lung and Mr. FUNG Pui Cheung Eugene as independent non-executive directors.