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C Y FOUNDATION GROUP LIMITED
(incorporated in Bermuda with limited liability)
(Stock Code: 1182)

ANNOUNCEMENT

**Mandatory conditional cash offers by
UOB Kay Hian (Hong Kong) Limited
on behalf of**

Luck Continent Limited for

- (i) **all the issued shares of HK\$0.001 each in C Y Foundation Group Limited
(other than those already owned or agreed to be acquired by
Luck Continent Limited and parties acting in concert with it)**
and
(ii) **all outstanding options of C Y Foundation Group Limited**

On 24 November 2009 and 8 January 2010, the Offeror exercised the subscription rights in the aggregate amount of HK\$6,000,000 pursuant to the Warrants at the subscription price of HK\$0.01 per Share.

It was disclosed in the Announcement that:

- (1) immediately prior to 24 November 2009, the Offeror and parties acting in concert with it were interested in 2,646,264,127 Shares, representing approximately 41.64% of the then issued share capital of the Company;
- (2) immediately before the issue and allotment of the Warrant Shares, the Offeror and parties acting in concert with it were interested in 2,746,264,127 Shares, representing approximately 42.48% of the then issued share capital of the Company; and
- (3) upon the issue and allotment of the Warrant Shares and as at the date of the Announcement, the Offeror was interested in 3,246,264,127 Shares, representing approximately 46.61% of the then issued share capital of the Company.

The Company clarifies that immediately before the issue and allotment of the Warrants Shares, the 2,746,264,127 Shares which the Offeror and parties acting in concert with it were interested in should have represented 42.45% of the issued share capital of the Company as enlarged by the issue of the 100,000,000 Shares to the Offeror on 8 December 2009 pursuant to the Previous Exercise and the issue of 13,000,000 Shares from 15 December 2009 to 12 January 2010 pursuant to the exercise of the Options.

As following the exercise of the subscription rights pursuant to the Remaining Warrants, the Offeror which was then holding more than 30% of the voting rights of the Company acquired additional Shares carrying voting rights of more than 2% from its lowest percentage holding in the previous 12 month period, upon the issue and allotment of the Warrant Shares, the Offeror and parties acting in concert with it are required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26 of the Takeovers Code. Pursuant to Rule 13 of the Takeovers Code, the Offeror is also required to make comparable offers for all the Options. Further details in relation to the Offers are set out in the Announcement.

An independent board committee of the Company will be constituted to consider the terms of the Offers and to make a recommendation to the Shareholders and the Optionholders. An Independent financial adviser will be appointed to advise the independent board committee of the Company on the fairness and reasonableness of the Offers and to make recommendations in respect of the Offers. An announcement will be published by the Company as soon as an independent financial adviser is appointed.

Within 14 days after the date of posting of an offer document by the Offeror, the Company will despatch an offeree board circular in relation to the Offers to the Shareholders and Optionholders. The offeree board circular to be despatched will contain, amongst other things, the information required under the Takeovers Code, a letter from the independent board committee of the Company and a letter from the independent financial adviser.

Shareholders and Optionholders are advised to read the offer document and offeree board circular including the letter from the independent financial adviser carefully before reaching a decision on the Offers.

The Offers are conditional upon the Offeror having received valid acceptances in respect of the Share Offer which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the offer period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. Shareholders, Optionholders and prospective investors are reminded to exercise extreme caution when dealing in the Shares.

MANDATORY CONDITIONAL CASH OFFERS

Reference is made to the announcement of Luck Continent Limited dated 25 January 2010 in relation to the Offers (the “Announcement”). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

On 24 November 2009 and 8 January 2010, the Offeror exercised the subscription rights in the aggregate amount of HK\$6,000,000 pursuant to the Warrants at the subscription price of HK\$0.01 per Share.

As at the date of this announcement, there are 6,968,710,326 Shares in issue and 7,930,000 Options. The Company does not have any other securities in issue.

It was disclosed in the Announcement that:

- (1) immediately prior to 24 November 2009, the Offeror and parties acting in concert with it were interested in 2,646,264,127 Shares, representing approximately 41.64% of the then issued share capital of the Company;
- (2) immediately before the issue and allotment of the Warrant Shares, the Offeror and parties acting in concert with it were interested in 2,746,264,127 Shares, representing approximately 42.48% of the then issued share capital of the Company; and
- (3) upon the issue and allotment of the Warrant Shares and as at the date of the Announcement, the Offeror was interested in 3,246,264,127 Shares, representing approximately 46.61% of the then issued share capital of the Company.

The Company clarifies that immediately before the issue and allotment of the Warrants Shares, the 2,746,264,127 Shares which the Offeror and parties acting in concert with it were interested in should have represented 42.45% of the issued share capital of the Company as enlarged by the issue of the 100,000,000 Shares to the Offeror on 8 December 2009 pursuant to the Previous Exercise and the issue of 13,000,000 Shares from 15 December 2009 to 12 January 2010 pursuant to the exercise of the Options.

As following the exercise of the subscription rights pursuant to the Remaining Warrants, the Offeror which was then holding more than 30% of the voting rights of the Company acquired additional Shares carrying voting rights of more than 2% from its lowest percentage holding in the previous 12 month period, upon the issue and allotment of the Warrant Shares, the Offeror and parties acting in concert with it are required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26 of the Takeovers Code. Pursuant to Rule 13 of the Takeovers Code, the Offeror is also required to make comparable offers for all the Options. Further details in relation to the Offers are set out in the Announcement.

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers, together with the forms of acceptance and transfer, to the Shareholders and Optionholders within 21 days of the date of the Announcement or such later date as the Executive may approve.

An independent board committee of the Company will be constituted to consider the terms of the Offers and to make a recommendation to the Shareholders and the Optionholders. An Independent financial adviser will be appointed to advise the independent board committee of the Company on the fairness and reasonableness of the Offers and to make recommendations in respect of the Offers. An announcement will be published by the Company as soon as an independent financial adviser is appointed.

Within 14 days after the date of posting of an offer document by the Offeror, the Company will despatch an offeree board circular in relation to the Offers to the Shareholders and Optionholders. The offeree board circular to be despatched will contain, amongst other things, the information required under the Takeovers Code, a letter from the independent board committee of the Company and a letter from the independent financial adviser.

Shareholders and Optionholders are advised to read the offer document and offeree board circular including the letter from the independent financial adviser carefully before reaching a decision on the Offers.

The Offers are conditional upon the Offeror having received valid acceptances in respect of the Share Offer which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the offer period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. Shareholders, Optionholders and prospective investors are reminded to exercise extreme caution when dealing in the Shares.

Disclosure of Dealings

The Board wishes to remind its associates to disclose their dealings in any 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 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.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in strategic investments, the provision of online gaming tournament services and digital entertainment operations in the PRC. It is also engaged in the manufacturing and sale of packaging products and trading of watches.

INFORMATION ON THE OFFEROR

As disclosed in the Announcement, the Offeror is a private investment holding company incorporated in the British Virgin Islands. The entire issued share capital of the Offeror is wholly and beneficially owned by Mr. Poh who is also the sole director of the Offeror.

On behalf of the Board
Cheng Chee Tock Theodore
Chairman

Hong Kong, 27 January 2010

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 and Mr. NG Pui Lung as independent non-executive directors.

All directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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.