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C Y FOUNDATION GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1182)

UPDATE ON POSSIBLE MANDATORY GENERAL OFFER

Reference is made to the announcement dated 26 November 2009 (“Announcement”) of C Y Foundation Group Limited (“Company”). This announcement is made pursuant to Rule 3.7 of the Code on Takeovers and Mergers. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

The Company was informed by the lawyer of Luck Continent Limited on 29 December 2009 that the talks between Luck Continent Limited and the Third Party regarding the Proposal were still ongoing but no agreement had been reached. No commitment had been made by any party, nor was there any firm intention to make an offer. Further announcement will be made by the Company when the Board receives any further information regarding the Proposal.

Shareholders of the Company and potential investors should note that no firm offer for the Proposal has been made by the Third Party and the Proposal may or may not proceed. Shareholders of the Company and potential investors are advised to exercise extreme caution when dealing in the shares of the Company.

By order of the Board
Cheng Chee Tock Theodore
Chairman

Hong Kong, 30 December, 2009

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.