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C Y FOUNDATION GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1182)

NOTIFICATION FROM A SHAREHOLDER REGARDING POSSIBLE ACQUISITION OF ALL OR PART OF THE SHARES AND WARRANTS HELD BY IT IN THE COMPANY WHICH MIGHT LEAD TO A MANDATORY GENERAL OFFER

This announcement is made pursuant to Rule 3.7 of The Code on Takeovers and Mergers (“Takeovers Code”) and Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The board of directors (“Board”) of C Y Foundation Group Limited (“Company”) announces that the Board has on 25 November 2009 received a written notice of the same date (“Written Notice”) through the legal advisor of Luck Continent Limited, a shareholder of the Company (“Shareholder”) that the Shareholder has been approached by a third party (“Third Party”) to acquire all or part of the shares and warrants of the Shareholder in the Company (“Proposal”) and talks relating thereto are taking place. The Board was further notified in the Written Notice that though no firm offer has yet been received by the Shareholder, the Proposal, if materialized, might lead to a mandatory general offer being made by the Third Party to all shareholders of the Company. The Written Notice did not provide for any terms or conditions, including, without limitation to, the indicative purchase price, in relation to the Proposal.

As of the date of this announcement, the Shareholder is interested in 2,646,264,127 shares in the Company, representing approximately 41.64% of its existing issued share capital. The Shareholder is also a registered holder of warrants to subscribe for shares (“Subscription Rights”) of HK\$0.001 each in the share capital of the Company (“Shares”) up to a maximum of HK\$6,000,000 in cash for Shares at the subscription price of HK\$0.01 per Share (subject to adjustment) upon and subject to the conditions of the warrants (“Warrants”). The Board has received a notice from the lawyer of the

Shareholder on 24 November 2009 informing the Board that the Shareholder has exercised its right to subscribe for Shares of an amount of HK\$1,000,000 pursuant to the Warrants. According to the conditions of the Warrants, the Shares falling to be issued upon the exercise of the Subscription Rights (“Subscribed Shares”) will be allotted and issued no later than ten business days after the relevant subscription date. The Subscribed Shares i.e. 100,000,000 Shares will be allotted to Luck Continent Limited in accordance with the conditions of the Warrants.

As at the date of this announcement, the securities issued by the Company include 6,355,710,326 Shares, the Warrants and an aggregate of 21,000,000 share options which have been granted under the share option scheme adopted by the Company on 30 August 2002.

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.

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, 26 November, 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; Dr. CHOW Steven, 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.