



**LUCK CONTINENT LIMITED**

*(Incorporated in the British Virgin Islands with limited liability)*

**FOUNDATION GROUP LIMITED**

**基業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*  
(Stock code: 1182)

**JOINT ANNOUNCEMENT**

**CLOSING OF THE MANDATORY UNCONDITIONAL CASH OFFER BY**

**MITSUBISHI UFJ SECURITIES (HK) CAPITAL, LIMITED**

**ON BEHALF OF LUCK CONTINENT LIMITED FOR ALL THE ISSUED SHARES IN THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY LUCK CONTINENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND SUSPENSION OF TRADING**

**CLOSE OF THE OFFER AND ACCEPTANCE UNDER THE OFFER**

The Offeror announces that the Offer was closed on 26 February 2007. Until 4:00p.m. on 26 February 2007, being the latest time for acceptance of Offer, 5 valid acceptance under the Offer had been received by the Offeror in respect of 14,127 Shares, representing approximately 0.0005% of a total of 3,087,421,652 issued Shares as at the date of this announcement.

Immediately following the close of Offer, after taking into account (i) the 3,000,000,000 Shares held by the Offeror and parties acting in concert with it immediately following the completion of the Share and Warrant Subscription Agreement and (ii) the valid acceptance of 14,127 Shares received under the Offer, the Offeror and parties acting in concert with it in aggregate owned or controlled 3,000,014,127 Shares, representing 97.17% of the issued share capital and voting rights of the Company immediately after the latest time for acceptance of the Offer and accordingly, the public float of the Shares fell below 25% of the issued share capital of the Company.

Given that the public float of the Shares is less than 25% of the issued share capital of the Company, the Company is required to suspend trading in the Shares until the public float is restored as required under the Listing Rules. Application has been made by the Company to the Stock Exchange for the suspension of trading in the Shares with effect from 9:30 a.m. on Tuesday, 27 February 2007.

Reference are made to the announcements dated 22 December 2006, 31 January 2007, 2 February 2007 and the composite offer document dated 5 February 2007 (the “**Composite Offer Document**”) jointly issued by Foundation Group Limited (the “**Company**”) and Luck Continent Limited (the “**Offeror**”) in relation to, among other things, the mandatory unconditional cash offer made by Mitsubishi UFJ Securities (HK) Capital, Limited on behalf of the Offeror, to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Terms used in this announcement shall have the same meanings as those defined in the Composite Offer Document unless otherwise defined herein.

**CLOSE OF THE OFFER AND ACCEPTANCE UNDER THE OFFER**

The Offeror announces that the Offer was closed on 26 February 2007. Until 4:00p.m. on 26 February 2007, being the latest time for acceptance of the Offer, 5 valid acceptance under the Offer had been received by the Offeror in respect of 14,127 Shares, representing approximately 0.0005% of a total of 3,087,421,652 issued Shares as at the date of this announcement. Immediately before the offer period which commenced from 22 December 2006 (being the date of commencement of the offer period as defined in the Takeovers Code), the Offeror and parties acting in concert with it did not hold, control or direct any Shares and rights over Shares.

As stated in the Composite Offer Document, payment (after the deduction of the sellers’ share of stamp duty) in cash in respect of acceptances of the Offer will be made within ten days of the date of receipt of duly completed valid acceptance and the latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer will be Thursday, 8 March 2007.

Immediately following the close of Offer, after taking into account (i) the 3,000,000,000 Shares held by the Offeror and parties acting in concert with it immediately following the completion of the Share and Warrant Subscription Agreement and (ii) the valid acceptance of 14,127 Shares received under the Offer, the Offeror and parties acting in concert with it in aggregate owned or controlled 3,000,014,127 Shares, representing 97.17% of the issued share capital and voting rights of the Company immediately after the latest time for acceptance of the Offer and accordingly, the public float of the shares fell below 25% of the issued share capital of the Company.

Completion of the Share and Warrant Subscription Agreement has taken place on 31 January 2007. Immediately after completion of the Share and Warrant Subscription Agreement, the Offeror and parties acting in concert with it in aggregate owned (i) 3,000,000,000 Shares, representing approximately 97.17% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (ii) a warrant which confers rights to subscribe up to HK\$ 6,000,000 in aggregate in cash for Shares at an initial exercise price of HK\$0.01 per Share (subject to adjustment). Assuming the allotment and issue of 600,000,000 Shares as a result of full exercise of the Warrant by the Offeror, the Shares to be issued upon the exercise of the subscription rights attaching to the Warrant (“**Warrant Shares**”) will represent approximately 16.27% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares. Save for the Share and Warrant Subscription, the Offeror and parties acting in concert with it had not acquired or agreed to acquire any Shares and rights over Shares during the offer period from 22 December 2006 (being the date of commencement of the offer period as defined in the Takeovers Code) to 26 February 2007. As at the date of this announcement, save as the Warrant, the Company does not have any other outstanding warrants convertible into Shares.

Given that the public float of the Shares is less than 25% of the issued share capital of the Company, the Company is required to suspend trading in the Shares until the public float is restored as required under the Listing Rules. Application has been made by the Company to the Stock Exchange for the suspension of trading in the Shares with effect from 9:30 a.m. on Tuesday, 27 February 2007.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately before the completion of the Share and Warrant Subscription Agreement; (ii) immediately after the completion of the Share and Warrant Subscription Agreement and before the close of the Offer; and (iii) immediately after the completion of the Share and Warrant Subscription and the close of the Offer are as follows:

Shareholders	Shareholding structure immediately before the completion of the Share and Warrant Subscription Agreement		Shareholding structure immediately after the completion of the Share and Warrant Subscription Agreement and before the close of the Offer		Shareholding structure immediately after the completion of the Share and Warrant Subscription Agreement and the close of the Offer	
	Number of Shares held	% of issued Shares held	Number of Shares held	% of issued Shares held	Number of Shares held	% of issued Shares held
Leopard Vision Limited (Note 1) Offeror and parties acting in connect with it (Note 2)	20,609,330	23.57%	20,609,330	0.67%	20,609,330	0.67%
Other public Shareholders	66,812,322	76.43%	66,812,322	2.16%	66,798,195	2.16%
Total	<u>87,421,652</u>	<u>100.00</u>	<u>3,087,421,652</u>	<u>100.0</u>	<u>3,087,421,652</u>	<u>100.00</u>

Note (1): The entire issued share capital of Leopard Vision Limited is held by Byford Group Limited which in turn is held by Expert Rich Investments Limited. Expert Rich Investments Limited is wholly-owned by Mr. Wong Ching Ping Alex, an executive Director.

Note (2): The entire issued share capital of the Offeror is held by Mr. Poh Po Lian, an executive Director.

## GENERAL

As at the date of this announcement, the executive directors of the Company are Mr. Wong Ching Ping, Alex, Mr. Lim Direk, Mr. Poh Po Lian and Mr. Cheng Chee Tock, Theodore and the independent non-executive directors of the Company are Mr. Chu Kar Wing, Dr. Chow King Wai and Mr. Tang Yiu Wing. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their 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 of their statements in this announcement misleading.

As at the date of announcement, the sole director of the Offeror is Mr. Poh Po Lian. Mr. Poh Po Lian accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of his knowledge, his 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 of his statements in this announcement misleading.

By Order of the Board of  
**Luck Continent Limited**  
**Poh Po Lian**  
Sole Director

By Order of the Board  
**Wong Ching Ping, Alex**  
Chairman

Hong Kong, 26 February 2007

\* for identification purpose only

Please also refer to the published version of this announcement in China Daily.