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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

ANNOUNCEMENT AND RESUMPTION OF TRADING

Reference is made to the announcement by C Y Foundation Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 13 December 2012 for the suspension of trading of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 1:00 p.m. on 13 December 2012.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform that the Independent Commission Against Corruption of Hong Kong (“**ICAC**”) visited the Company’s principal office in Hong Kong in the morning on 13 December 2012 requesting for information and documents relating to some transactions pursuant to a search warrant pertaining to the Company’s premises (the “**Investigation**”). As far as the Board is aware, the information and documents provided related to certain transactions of the Company and its then subsidiaries taken place during 2008 to April 2011 (together the “**Subject Transactions**”) in relation to:

- 1 purported deposits of RMB18 million and US\$400,000 paid in 2008 and 2009 respectively for the acquisitions of certain properties in the Mainland China (which have not materialized with no refund to the Group);
- 2 purported purchases of certain merchandises and related accessories from suspicious source in the aggregate sum of about HK\$8.4 million in 2009; and
- 3 purported special bonuses made to certain ex-employees and officers in the aggregate sum of about HK\$6 million in April 2011 without any or proper authority or authorisation.

As far as the Board is aware, the Subject Transactions took place when the Group was under the management of the former management of the Company. As the relevant payments under the Subject Transactions had been fully expensed and/or written off in the financial statements of the Company in 2011/12 and before, the Board believes that the Subject Transactions had no further financial impact on the Group. The subject companies undertaking the Subject Transactions numbered 1 and 2 above had been disposed of by the Group and are no longer subsidiaries of the Company. In respect of the Subject Transaction numbered 3 above, most of the persons receiving the purported special bonuses have left the Group and only two persons (who are back office staff) remain with the Group.

The Board understands from the ICAC that the Investigation relates to the former management of the Company under the Prevention of Bribery Ordinance and that the Group, the existing Directors and senior management are not involved in the Investigation.

Given that: (i) the relevant payments under the Subject Transactions had been fully expensed and/or written off before, (ii) the relevant companies under the Subject Transactions numbered 1 and 2 are no longer subsidiaries of the Company; and (iii) none of the Group, the existing Directors and staff are involved in the Investigation, the Board confirms that the Investigation has no impact on the Group's operation and business.

Save as disclosed above, the Board confirms that there is no other inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance up to the date of this announcement.

Application has been made to the Stock Exchange for the resumption of trading on the shares of the Company on the Stock Exchange since 9:00 a.m. on 4 January 2013.

By Order of the Board
C Y Foundation Group Limited
Sneah Kar Loon
Chairman

Hong Kong, 3 January 2013

As at the date of this announcement, the executive Directors of the Company are Mr. SNEAH Kar Loon and Mr. NG Kwok Lun, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. BALAKRISHNAN Narayanan, Mr. YONG Peng Tak and Mr. IO Rudy Cheok Kei.