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

**(1) PROPOSED GRANT OF SHARE OPTIONS;
(2) PROPOSED AMENDMENT TO THE TERMS OF
EXISTING SHARE OPTIONS GRANTED;
(3) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME; AND
(4) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT**

This announcement is made pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

PROPOSED GRANT OF SHARE OPTIONS

On 27 March 2015 (the “**Date of Grant**”), the board (the “**Board**”) of directors (the “**Directors**”) of C Y Foundation Group Limited (the “**Company**”) resolved to grant a total of 17,450,000 share options (the “**Options**”) to certain eligible participants (collectively the “**Grantees**”) to subscribe for an aggregate of 17,450,000 shares (the “**Shares**”, each a “**Share**”) of HK\$0.01 each in the capital of the Company, subject to their respective acceptances, in accordance with the share option scheme (the “**Share Option Scheme**”) adopted by the Company. By offering the Options to the Grantees, the Company intends to reward them for their contribution to the businesses of the Group and/or to encourage them to remain in the service and/or employment of the Group and devote their best efforts to the Group and thereby would enhance the performance of the Group.

The following are principal terms of the Options granted:

Date of Grant : 27 March 2015

Exercise price of the : HK\$0.2372 per Share (the “**Exercise Price**”) Options granted

which represents the highest of (i) the closing price of HK\$0.234 per Share on 27 March 2015 (the Date of Grant); (ii) the average of the closing prices of HK\$0.2372 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share, which is HK\$0.01.

Total number of the : 17,450,000 Options granted

Validity periods of the Options granted (start and end dates inclusive) (“**Validity Periods**”) : There are four types of Validity Periods:

- (1) 3,350,000 Options granted shall be unconditionally vested on the Date of Grant and are exercisable within 5 years from the Date of Grant.
- (2) 950,000 Options granted shall be unconditionally vested equally in 2 tranches on 1 December 2015 and 2016 respectively and are exercisable within 5 years from the respective vesting dates.
- (3) 11,230,000 Options granted shall be unconditionally vested equally in 4 tranches on 1 December of 2015, 2016, 2017 and 2018 respectively and are exercisable within 5 years from the respective vesting dates.
- (4) 1,920,000 Options granted shall be vested, subject to the achievement of certain performance targets set by the Company, equally in 3 tranches on 1 July of 2015, 2016 and 2017 respectively and are exercisable within 5 years from the respective vesting dates.

Among the 17,450,000 Options granted, 1,000,000 Options were granted to Mr. Er Kwong Wah who is an independent non-executive Director and is subject to Validity Period (1) above. Save as disclosed above, none of the Grantees is a Director, chief executive or a substantial shareholder of the Company, or any of their respective associates (within the meaning of the Listing Rules).

PROPOSED AMENDMENT TO THE TERMS OF EXISTING SHARE OPTIONS GRANTED

As of the date of this announcement, there are 69,490,000 Options (the “**Outstanding Options**”) granted previously which remain outstanding, of which 20,300,000 Options are exercisable at the exercise price of HK\$0.47 per Share and 49,190,000 Options are exercisable at the exercise price of HK\$0.415 per Share.

Given the recent performance of the Share price, the exercise prices of the Outstanding Options are significantly higher than the recent market prices of the Shares (i.e. the closing price on the Date of Grant is HK\$0.234 per Share). The Board considers that the Outstanding Options could no longer serve the purposes of providing rewards and/or incentives to the relevant grantees, as a result of which the good intention of the Board to grant such options to encourage them to remain in the service and/or employment of the Group and devote their best efforts to the Group is thereby defeated.

In the circumstances, the Board proposed to reset the exercise prices of the Outstanding Options to HK\$0.2372 per Share, to be in line with the Exercise Price of the Options granted to the Grantees on the Date of Grant.

LISTING RULES IMPLICATION

The grant of the Options has been reviewed and recommended by the Remuneration Committee of the Company with reference to the Board’s corporate goals and objectives and been approved by the Board. In accordance with Rule 17.04(1) of the Listing Rules, the grant of the Options to Mr. Er Kwong Wah had been approved by the independent non-executive

Directors (excluding Mr. Er Kwong Wah). However, given that there is no available scheme mandate limit (the “**Scheme Mandate Limit**”) under the Share Option Scheme for the grant of the Options to the Grantees, the grant of the Options to the Grantees will be subject to approval by the shareholders of the Company (the “**Shareholders**”) at a special general meeting (“**SGM**”) to be convened (with the Grantees and their associates/close associates (within the meaning of the Listing Rules) abstaining from voting).

The reset of the exercise price of the Outstanding Options amounts to a change of term of the options. According to note 2 to Rule 17.03(18) of the Listing Rules, the reset of the exercise prices of the Outstanding Options to the Exercise Price shall be subject to approval by the Shareholders at the SGM in which the holders of the Outstanding Options and any Shareholders who have a material interest shall abstain from voting.

The Board also proposes to amend certain provisions of the Share Option Scheme and refresh the Scheme Mandate Limit at the SGM.

A circular containing, among other things, details of the proposed grant of Options to the Grantees, the proposed reset of the exercise prices of the Outstanding Options, the proposed amendments to the Share Option Scheme and the proposed refreshment of the Scheme Mandate Limit, together with a notice of SGM will be despatched to the Shareholders as soon as practicable.

By order of the Board
C Y Foundation Group Limited
SNEAH Kar Loon
Chairman

Hong Kong, 27 March 2015

As at the date of this announcement, the executive directors of the Company are Mr. SNEAH Kar Loon and Mr. LAI Hock Meng, and the independent non-executive directors are Mr. YONG Peng Tak, Mr. IO Rudy Cheok Kei, Mr. GOH Hoon Leum and Mr. ER Kwong Wah.