
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Foundation Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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FOUNDATION GROUP LIMITED

基業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1182)

PROPOSED CHANGE OF COMPANY NAME

A notice convening the special general meeting of Foundation Group Limited to be held at Room 1701, 17/F., The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong on Friday, 27 April 2007 at 11:00 a.m. or any adjournment thereof is set out on pages 5 to 6 of this circular.

A form of proxy for use at the special general meeting of Foundation Group Limited is enclosed with this circular. Whether or not you are able to attend and vote at the special general meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to Foundation Group Limited's branch share registrar in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the special general meeting or any adjournment thereof should you so wish.

* For identification purposes only

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Change of Company Name”	the proposed change of the name of the Company to “C Y Foundation Group Limited” and the adoption of “中青基業集團有限公司” as its new Chinese name for identification purposes only
“Company”	Foundation Group Limited, a limited liability company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held on 27 April 2007 at 11:00 a.m. (or any adjournment thereof), the notice of which is set out on pages 5 to 6 of this circular
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



FOUNDATION GROUP LIMITED

基業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1182)

Executive Directors:

Mr. Cheng Chee Tock, Theodore (*Chairman*)
Mr. Poh Po Lian

Independent Non-executive Directors:

Mr. Chu Kar Wing
Dr. Chow King Wai
Mr. Tang Yiu Wing

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal

place of business in Hong Kong:
Room 1701, 17/F.,
The Sun's Group Centre
200 Gloucester Road
Wanchai, Hong Kong

4 April 2007

To the Shareholders

Dear Sir or Madam,

PROPOSED CHANGE OF COMPANY NAME

INTRODUCTION

On 21 March 2007, the Board announced the proposal for the Change of Company Name.

The purpose of this circular is to provide the Shareholders with (i) further information on the Change of Company Name and (ii) the notice of the SGM to be convened and held for the purpose of considering and, if thought fit, approving the necessary resolution to implement the proposal for the Change of Company Name.

* For identification purposes only

LETTER FROM THE BOARD

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Foundation Group Limited” to “CY Foundation Group Limited”, and adopt “中青基業集團有限公司” as its new Chinese name for identification purpose.

The proposed change of name of the Company is to signify the Company’s change in controlling shareholder and the milestone of stepping into a new era of new on-line game business, details of which are stated in the announcement of the Company dated 8 March 2007 (“Announcement”). The Company has agreed with Network Movie Centre of the Central Committee of the Communist Youth League of China (“CYL Movie Centre”) for the Company to use the new name which bears an initial “CY”. Details of CYL Movie Centre have been stated in the Announcement. The Board considers that the proposed new name of the Company provides a better identification of the Company’s new development, which the Board considers is in the interest of the Company and the Shareholders as a whole.

The proposed change of name of the Company is subject to (i) the passing of a special resolution by the Shareholders at the SGM; and (ii) the Registrar of Companies in Bermuda approving the proposed change of name of the Company. The Company will make an announcement when the Change of Company Name becomes effective.

FREE EXCHANGE OF SHARE CERTIFICATES

The Change of Company Name will not affect any of the rights of the existing Shareholders. The existing share certificates (in yellow) bearing the Company’s existing name will continue to be evidence of title and valid for trading, settlement and registration purposes. New share certificates (in light green) of the Company will be issued under the new name of the Company after the Change of Company Name has become effective.

There will be arrangement for free exchange of existing share certificates for new share certificates under the new name of the Company. A further announcement will be made to set out the details for the arrangement on free exchange of share certificates once the change of the name of the Company becomes effective.

SGM

Set out on pages 5 to 6 of this circular is a notice convening the SGM to consider and, if thought fit, to approve the special resolution relating to the Change of Company Name.

A form of proxy for use at the SGM is enclosed herewith. Whether or not you are able to attend and vote at the SGM, please complete the enclosed form of proxy and return it to the Company’s branch share registrar in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL

Pursuant to the Bye-laws of the Company, at any general meeting, a resolution put to vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as demand by a Shareholder.

RECOMMENDATION

Having considered the circumstances set out herein, the Board considers that the proposed special resolution for the Change of Company Name is fair and reasonable and is in the best interest of the Company and accordingly, recommend all Shareholders to vote in favour of the special resolution at the SGM.

On behalf of the Board
Foundation Group Limited
Cheng Chee Tock, Theodore
Chairman

NOTICE OF SGM



FOUNDATION GROUP LIMITED

基業控股有限公司*

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(Stock Code: 1182)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of Foundation Group Limited (the “Company”) will be held at Room 1701, 17/F., The Sun’s Group Centre, 200 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 27 April 2007 (or any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to and conditional upon the approval of the Registrar of Companies of Bermuda, the name of the Company be changed to “C Y Foundation Group Limited” and subject to the new English name of the Company becoming effective, “中青基業集團有限公司” be adopted as its new Chinese name for identification purpose only; and the directors of the Company be and are hereby authorized to do all such acts, deeds and things as they may, in their absolute discretion, deem fit in order to effect such change of name.”

By order of the Board of
Foundation Group Limited
Cheng Chee Tock, Theodore
Chairman

Hong Kong, 4 April 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Room 1701, 17/F.,
The Sun’s Group Centre
200 Gloucester Road
Wanchai, Hong Kong

* *for identification purposes only*

NOTICE OF SGM

Notes:

1. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong at Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment(s) thereof.
3. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the name stands first on the registrar of members of the company in respect of the joint holding.