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

**ANNOUNCEMENT**  
**RESULTS OF INTERNAL CONTROL REVIEW**

Reference is made to the announcement of the Company dated 26 April 2011 in relation to certain conditions imposed by the Stock Exchange on the Company for resumption of trading of its Shares. The Company is required, amongst others, to demonstrate that there are adequate internal control systems to meet obligations under the Listing Rules.

The Company has since then engaged Frederick Wong & Co. to perform an independent review on the internal control systems of the Group.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 31 August 2010. Trading in the Shares will remain suspended until further notice.

**INTRODUCTION**

Reference is made to the announcement of C Y Foundation Group Limited (the “Company”) dated 26 April 2011 in relation to certain conditions imposed by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the Company for resumption of trading of its shares (the “Shares”). The Company is required, amongst others, to demonstrate that there are adequate internal control systems to meet obligations under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Company has since then engaged Frederick C. Y. Wong & Company (“Frederick Wong & Co.”) to perform an independent review on the internal control systems of the Company and its key operating subsidiaries (collectively, the “Group”). Frederick Wong & Co. is a certified public accountants firm with relevant experience in performing internal control reviews, including reviewing internal control systems on risk management policies. It had performed internal control reviews for several listed

companies in Hong Kong.

## **INTERNAL CONTROL REVIEW**

The Company has engaged Frederick Wong & Co. on 12 July 2011 to carry out an internal control review of the Group for the period from 1 January to 29 August 2011 (the “Review”). The objectives of this Review are to:

- i) Obtain an understanding of the Group’s control environment;
- ii) Review major business processes and key internal controls that are in place;
- iii) Evaluate the design & operational effectiveness of the key internal controls;
- iv) Identify opportunities for internal control improvements; and
- v) Provide recommendations for necessary remedial actions.

Results of the Review indicated that the Group has established internal control policies and procedures, in all material respects, which are in compliance with the requirements under the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. It was also stated in the Review Report that the Group maintains an adequate and effective internal control system and no major control deficiency has been identified.

## **SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 31 August 2010. Trading in the Shares will remain suspended until further notice.

Further announcement will be made by the Company if it is aware of any material development in respect of its fulfillment of conditions for resumption of trading as and when appropriate.

On behalf of the Board

**Sneah Kar Loon**

*Chairman*

Hong Kong, 20 September 2011

As at the date of this announcement, the executive Directors of the Company are Mr. SNEAH Kar Loon, Dato LIM Kim Wah (also known as “Dato LIM Sze Guan”) and Mr. CHENG Chee Tock Theodore (duty suspended), the non-executive Directors are Mr. WOELM Samuel, Mr. IO Rudy Cheok Kei and Mr. NG Kwok Lun, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. LAW Chiu William, Dato MYHRE Carl Gunnar, Mr. BALAKRISHNAN Narayanan and Mr. YONG Peng Tak.