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C Y FOUNDATION GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1182)

UPDATE ON CORPORATE DEVELOPMENT

This announcement is made by C Y Foundation Group Limited (the “**Company**”) on a voluntary basis.

At the annual general meeting of the Company held on 6 April 2011, resolutions were passed by the shareholders of the Company (the “**Shareholders**”) to appoint Mr. Sneah Kar Loon, Mr. Lai Hock Meng, Mr. Law Chiu William, Dato Carl Gunnar Myhre, Mr. Balakrishnan Narayanan, Mr. Yong Peng Tak, Dato Lim Sze Guan, Mr. Io Rudy Cheok Kei and Mr. Ng Kwok Lun as directors (the “**Directors**”) of the Company (the “**New Directors**”). The board of Directors (the “**Board**”) also resolved to suspend the authorities and duties of Mr. Cheng Chee Tock, Theodore (“**Mr. Cheng**”) as a Director and all other position he may have in the Company and/or any of its subsidiaries and/or associated companies. Details of the appointment of the New Directors and the suspension of duties of Mr. Cheng were disclosed in the announcement of the Company dated 8 April 2011.

REVIEW OF CORPORATE AFFAIRS

In the course of the preliminary review of the documents, records, finance and transactions of the Company and its subsidiaries (collectively, the “**Group**”) after the assumption of offices by the New Directors, the Board noted that a payment in the sum of HK\$9,306,500 (the “**Payment**”) made to Ms. Leonora Yung (“**Ms. Yung**”), the wife of Mr. Cheng and a former employee of the Company, purportedly for legal fees and expenses incurred by Mr. Cheng and Ms. Yung in relation to (i) the investigation conducted by the Independent Commission Against Corruption (“**ICAC Investigation**”), details to which were disclosed in the announcements of the Company dated 13 September 2010, 7 October 2010 and 7 March 2011; and (ii) petition under section 168A of the Companies Ordinance (“**S168A Action**”), details of which were disclosed in the announcements of the Company dated 21 April 2010, 24 January 2011 and 27

January 2011. The Company has commenced proceedings in respect of the Payment, details of which are disclosed in the paragraph headed “Action against Mr. Cheng, Ms. Yung and others” below.

The Board is assisted by professional advisers in their review of the affairs of the Group and transactions entered into prior to the New Directors' assumption of their offices on 8 April 2011; and the Board will take such appropriate actions as may be advised and in its view appropriate against persons who have acted in breach of their duties to the Company or otherwise to protect the interests of the Group. The Company will make further announcement(s) as and when appropriate to inform Shareholders and potential investors of any further material development in connection with the review.

ACTON AGAINST MR. CHENG, MS. YUNG AND OTHERS

In relation to the Payment, on 14 April 2011, the Company, as plaintiff, has issued an originating summons in the Court of First Instance at the High Court of Hong Kong against Mr. Cheng, Ms. Yung, Mr. Ng Pui Lung (a former Director), Mr. Wang Shanchuan (a former Director) and Mr. Ho Chi Chung Joseph (a former Director and the former acting chief executive officer of the Group) for, amongst other things, the following declarations and orders:

1. a declaration that the board resolution of the Company in relation to the approval of reimbursement of the Payment to Mr. Cheng and Ms. Yung is void and of no effect (the “**Board Resolution**”);
2. a declaration that Mr. Cheng and/or Ms. Yung hold any sums paid by the Company to them pursuant to the Board Resolution, including but not limited to the sum of HK\$9,306,500 on constructive trust for the Company;
3. an order that Mr. Cheng and/or Ms. Yung do repay (i) any sums paid or reimbursed by the Company to them, or on their behalf, pursuant to the Board Resolution, including but not limited to the Payment; (ii) any sums paid or reimbursed by the Company to or on behalf of Mr. Cheng and Ms. Yung, and various companies being respondents under the S168A Action in relation to the legal fees and expenses incurred by them in the S168A Action; and (iii) any sums paid by the Company to or on behalf of Mr. Cheng and/or Ms. Yung in relation to the legal fees and expenses incurred by them in, amongst other things, the ICAC Investigation.

The Company will keep the Shareholders and potential investors informed of any further material development in connection with the above action by way of further announcement(s) as and when appropriate.

By order of the Board
C Y Foundation Group Limited
Sik Siu Kwan
Company Secretary

Hong Kong, 18 April 2011

As at the date of this announcement, the executive Directors are Mr. SNEAH Kar Loon, Dato LIM Sze Guan, Mr. CHENG Chee Tock Theodore (duty suspended) and Mr. WOELM Samuel; the non-executive Directors are 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 CARL Gunnar Myhre, Mr. BALAKRISHNAN Narayanan and Mr. YONG Peng Tak.