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

**ANNOUNCEMENT**

Reference is made to the announcement of C Y Foundation Group Limited (“Company”) dated 13 September 2010 (“Announcement”) in relation to, inter alia, the decisions of the Audit Committee and the board of directors of the Company to engage an independent professional firm to review the accounts of the Company for the financial year ended 31 March 2010. Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement.

Since the date of the Announcement, the Company had approached numerous professional firms and held various discussions and meetings for the purpose of the Review. The Audit Committee is pleased to confirm the appointment of KPMG as the independent professional firm to conduct investigations on the Allegations and the Investigation on 2 December 2010 (“Review”).

The scope of the Review will include, inter alia, (i) certain transactions which formed the subject matter of the Investigation and the Allegations; and (ii) analysis on the operational and financial aspects of the Company, including certain accounting items stated in the Company’s audited financial statements for the year ended 31 March 2010.

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

On behalf of the Board  
**Woelm Samuel**  
Executive Director

Hong Kong, 6 December 2010

As at the date hereof, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Mr WOELM Samuel, Mr WU Chuang John, Mr CAO Dongxin, Mr HO Chi Chung Joseph, Mr YU Ping, Mr ZHANG Yiwei, Mr TANG Ming and Mr HU Xichang; and the independent non-executive directors are Mr WANG Shanchuan, Mr NG Pui Lung and Mr FUNG Pui Cheung Eugene.