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

ANNOUNCEMENT ON
1) APPOINTMENT OF BDO FINANCIAL SERVICES LIMITED
AND
2) HEARING OF THE SUMMONS

This announcement is made by the Company on the disclosure of matters relating to the hearing of the Summons.

APPOINTMENT OF BDO

The Board announces that on 11 May 2010, the Audit Committee, with the authority from the Board engaged BDO to look into the complaints of the Petitioner and to prepare a report for submission to the Audit Committee within one month from the appointment or such other reasonable period as BDO may require for conducting a proper review of such complaints.

THE SUMMONS

The Board announces that at the hearing of the Summons on 12 May 2010, without prejudice to the Company's contention that the Court lacks jurisdiction to make an order in terms of the Summons and the Company's further contention that no such jurisdiction is to be conferred by the order made by the Court, an order was made by Consent that the Summons be adjourned sine die with liberty to restore upon reasonable notice upon certain undertakings by the Petitioner and the Company.

Reference is made to the announcement dated 5 May 2010 made by the Company in respect of the Petition. Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement.

APPOINTMENT OF BDO FINANCIAL SERVICES LIMITED

The Board announces that on 11 May 2010, the Audit Committee, with the authority from the Board engaged BDO Financial Services Limited ("**BDO**") to look into the complaints of the Petitioner and to prepare a report for submission to the Audit Committee within one month from the appointment or such other reasonable period as BDO may require for conducting a proper review of such complaints.

THE SUMMONS

The Board announces that at the hearing of the Summons on 12 May 2010, without prejudice to the Company's contention that the Court lacks jurisdiction to make an order in terms of the Summons and the Company's further contention that no such jurisdiction is to be conferred by the order made by the Court, an order was made by Consent, among other things, that the Summons be adjourned sine die with liberty to restore upon reasonable notice upon

1. the Petitioner and the Company undertaking to render such assistance to BDO as it may reasonably require for the purpose of conducting its investigation and providing a report;
2. the Company undertaking
 - a. to file with the Court and serve upon the parties upon receipt thereof a signed version of the Engagement Letter confirming the appointment of BDO as independent accountant instructed to investigate and report upon the findings on the complaints of the Petitioner;
 - b. not to revoke or vary the said appointment of BDO as independent accountant without first providing its reasons therefor to the parties and to the Court;
 - c. to file with the Court a copy of the BDO report forthwith upon receipt of the same, such that the Court thereafter will determine what (if any) part thereof should be redacted or withheld from any party to the Petition, having considered submissions from the parties.

The Company will, if appropriate, keep the Shareholders and potential investors informed of any material development and findings by BDO by way of further announcement as and when appropriate.

By order of the Board
WOELM Samuel
Executive Director

Hong Kong, 12 May 2010

As at the date hereof, the Board comprises 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 as executive directors; Mr. WANG Shan Chuan, Mr. NG Pui Lung and Mr. FUNG Pui Cheung Eugene as independent non-executive directors.