
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 a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in C Y Foundation Group Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to C Y Foundation Group Limited. The directors of C Y Foundation Group Limited collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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**C Y FOUNDATION GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

**PROPOSAL OF THE SUBSTANTIAL SHAREHOLDER
TO REVOKE THE GENERAL MANDATE GRANTED
IN THE ANNUAL GENERAL MEETING ON 31 JULY 2009**

A notice convening a special general meeting of the Company to be held at 22/F, 200 Gloucester Road, Wanchai, Hong Kong on 19 March 2010, Friday, at 11:00 a.m. is set out on page 4 of this circular.

If you are not able to attend the said meeting, please complete and return the proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting(s) should you so wish.

8 February 2010

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DEFINITIONS

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

“Bye-laws”	the bye-laws of the Company
“Board”	the board of Directors
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be held at 22/F, 200 Gloucester Road, Wanchai, Hong Kong on 19 March 2010, Friday, at 11:00 a.m., notice of which is set out on page 4 of this circular
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

Executive directors:

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
Mr. HU Xichang

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:

17th Floor
200 Gloucester Road,
Wanchai
Hong Kong

Independent non-executive directors:

Mr. WANG Shan Chuan
Mr. FUNG Pui Cheung Eugene
Mr. NG Pui Lung

8 February 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSAL OF THE SUBSTANTIAL SHAREHOLDER
TO REVOKE THE GENERAL MANDATE GRANTED
IN THE ANNUAL GENERAL MEETING ON 31 JULY 2009**

INTRODUCTION

The purpose of this circular is to provide Shareholders with information regarding a proposed ordinary resolution to revoke the authority granted to the Directors in the Annual General Meeting on 31 July 2009 to allot, issue and deal with additional Shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power.

LETTER FROM THE BOARD

PROPOSED REVOCATION OF THE AUTHORITY TO ALLOT SHARES

On 20 January 2010, the Company received a requisition from Luck Continent Limited, a substantial shareholder (as defined in the Listing Rules) of the Company to convene a special general meeting for considering and, if thought fit, passing the following ordinary resolution (“Proposed Ordinary Resolution”):-

“**THAT** Resolution 4(A) passed as an ordinary resolution at the Annual General Meeting of the Company held on 31st July 2009, that is to say, the resolution proposed in Paragraph 4(A) of the Notice of Annual General Meeting of the Company dated 2nd July 2009 (“the said Notice”), whereby, *inter alia*, exercise by the Directors during the Relevant Period (as defined in the said Notice) of all the powers of the Company to allot, issue and deal with additional Shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and was thereby generally and unconditionally approved, be revoked with immediate effect.”

In accordance with the Bye-laws, the Company has convened a special general meeting within twenty-one (21) days of the aforesaid requisition of Luck Continent Limited for the Shareholders to consider and, if thought fit, pass the Proposed Ordinary Resolution.

SGM

At the SGM, the Proposed Ordinary Resolution will be put to the vote of the Shareholders present thereat.

The notice of the SGM is set out on page 4 of this circular. A form of proxy for use at the SGM is also enclosed. If you are not able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

In accordance with Rule 13.39 (4) of the Listing Rules, the vote of the Shareholders will be taken by poll at the SGM.

Yours faithfully,
On behalf of the Board
WOELM Samuel
Executive Director

NOTICE OF SPECIAL GENERAL MEETING



C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of C Y Foundation Group Limited (the “Company”) will be held at 22/F, 200 Gloucester Road, Wanchai, Hong Kong on 19 March 2010, Friday, at 11:00 a.m. for the following purposes:

1. As a special business, to consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution of the Company:

“**THAT** Resolution 4(A) passed as an ordinary resolution at the Annual General Meeting of the Company held on 31st July 2009, that is to say, the resolution proposed in Paragraph 4(A) of the Notice of Annual General Meeting of the Company dated 2nd July 2009 (“the said Notice”), whereby, *inter alia*, exercise by the Directors during the Relevant Period (as defined in the said Notice) of all the powers of the Company to allot, issue and deal with additional Shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and was thereby generally and unconditionally approved, be revoked with immediate effect.”

By order of the Board
LAU Ying Kit
Company Secretary

Hong Kong, 8 February 2010

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Completion and return of the proxy form will not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he so wish.
2. In order to be valid, the proxy form, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that authority must be deposited at the principal place of business of the Company at 17/F, 200 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.