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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, 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 accompanying form of proxy to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

**RE-ELECTION OF DIRECTORS,
PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of C Y Foundation Group Limited to be held at 6/F – Tin Hau Function Room, L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong on Friday, 28 September 2012, at 10:00 am or at any adjournment thereof is set out in this circular. Whether or not you intend to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event no less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

31 August 2012

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular
“AGM”	the annual general meeting of the Company to be held at 6/F – Tin Hau Function Room, L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong on Friday, 28 September 2012, at 10:00 am
“Associates”	the same definition as described under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“Bye-law(s)”	the bye-law(s) of the Company
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Share Consolidation becoming effective on 18 September 2012, which is the Business Day following the date of the SGM to be held on 17 September 2012
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Eligible Participant(s)”	full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity
“Existing Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the Share Consolidation having become effective
“Existing Share Option Scheme”	the share option scheme adopted by the Company by way of shareholders’ resolution on 30 August 2002 and became effective on 26 September 2002
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest
“Latest Practicable Date”	28 August 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant

DEFINITIONS

“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its expiry, under the New Share Option Scheme
“Optionholder(s)”	the relevant holder(s) of the Option(s)
“Option Period”	has the meaning ascribed to it under paragraph (h) of Appendix III set out on page 17 of this circular
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix III set out on page 16 of this circular
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened on 17 September 2012, to consider and, if thought fit, approve the Share Consolidation and the transaction contemplated thereunder
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	Existing Share(s) or Consolidated Share(s), as the case maybe
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares of HK\$0.001 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of HK\$0.01 in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Act) as modified from time to time) of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollar(s)
“%”	per cent.

LETTER FROM THE BOARD

C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

Executive Directors

SNEAH Kar Loon (*Chairman*)
SIK Siu Kwan
NG Kwok Lun

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors

LAI Hock Meng
BALAKRISHNAN Narayanan
YONG Peng Tak
IO Rudy Cheok Kei

Principal Place of Business in Hong Kong

Unit 3503B-5, 35/F
148 Electric Road
North Point
Hong Kong

31 August 2012

To Shareholders

Dear Sir/Madam,

**RE-ELECTION OF DIRECTORS,
PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the AGM for the approval of, inter alia:–

- (1) the re-election of the Directors;
- (2) the granting of general mandates to issue and repurchase shares; and
- (3) the adoption of the New Share Option Scheme.

RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87, at each annual general meeting, one-third of the relevant number of the Directors (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless otherwise agree between themselves) be determined by lot.

LETTER FROM THE BOARD

It was agreed that Messrs LAI Hock Meng, BALAKRISHNAN Narayanan and NG Kwok Lun would retire by rotation at the AGM and being eligible, will offer themselves for re-election. The biographical details of the Directors proposed to be re-elected are set out in Appendix I to this circular.

PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The following ordinary resolutions will be proposed at the AGM in order to grant to the Directors the new general and unconditional mandates to exercise the powers of the Company to issue and repurchase Shares:

- (i) An ordinary resolution (resolution No. 5) to grant to the Directors a general and unconditional mandate to authorize them to allot, issue and deal with the additional Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (the “**Issue Mandate**”). The Issue Mandate will end on (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; or (iii) the revocation or variation by ordinary resolution of Shareholders in general meeting, whichever is the earliest;
- (ii) An ordinary resolution (resolution No. 6) to grant to the Directors a general and unconditional mandate to authorize them to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (the “**Repurchase Mandate**”). The Repurchase Mandate will end on (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; or (iii) the revocation or variation by ordinary resolution of Shareholders in general meeting; whichever is the earliest; and
- (iii) Conditional upon the passing of resolutions No. 5 and No. 6 as stated above, an ordinary resolution (resolution No. 7) to extend the Issue Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company under the Repurchase Mandate provided that such aggregated amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as the date of the AGM.

On the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the AGM, the Company would be allowed to issue a maximum of 1,393,742,065 Existing Shares (or 139,374,206 Consolidated Shares if the Share Consolidation has become effective) under the Issue Mandate and to repurchase a maximum of 696,871,032 Existing Shares (or 69,687,103 Consolidated Shares if the Share Consolidation has become effective) under the Repurchase Mandate.

LETTER FROM THE BOARD

Shareholders are invited to refer to the Notice of AGM for details of the abovementioned ordinary resolutions. An explanatory statement, as required by the Listing Rules containing information in connection with the Repurchase Mandate, is also set out in Appendix II to this circular.

ADOPTION OF THE NEW SHARE OPTION SCHEME

The Company adopted the Existing Share Option Scheme on 30 August 2002 and became effective on 26 September 2002 which will expire on 26 September 2012, pursuant to which the Board was authorized to grant Options to any person, subject to the selection criteria, being an employee, officer, agent, consultant or representative of the Group, including any executive or non-executive Directors.

Pursuant to the Existing Share Option Scheme, 36,000,000 Options in respect of the Shares of the Company had been granted in which 13,000,000 Options were exercised during the financial year ended 31 March 2010; the remaining Options were cancelled or lapsed during the financial year ended 31 March 2011 and 31 March 2012 respectively; There were no Options granted under the Existing Share Option Scheme which were outstanding. The Directors confirm that save for the possible issue of four Options for the purpose to facilitate the Share Consolidation in order to top up the number of the Existing Shares in issue to multiples of ten, no further Options will be granted under the Existing Share Option Scheme prior to the date of the AGM.

In light of the expiry of the Existing Share Option Scheme and in order to enable the continuity of the share scheme of the Company, it is proposed by the Directors that at the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the Adoption Date.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity. A summary of the principal terms of the New Share Option Scheme is set out in the Appendix III to this circular.

Although the rules of the New Share Option Scheme provide that the New Share Option Scheme is not subject to any performance target and does not prescribe any specific minimum period for which an option must be held before it can be exercised, the Board believes that the ability for the Board to prescribe at its discretion a minimum period for which an Option must be held before it can be exercised and the requirement for a minimum exercise price (which is summarized in paragraph (d) in the Appendix III to this circular) of the New Share Option Scheme will serve to protect the value of the shares of the Company as well as to achieve the purpose of the New Share Option Scheme. No trustee will be appointed under the New Share Option Scheme.

The Board considers that it is not appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, vesting period (if any), and other relevant factors (if any). The Board believes that any

LETTER FROM THE BOARD

calculation of the value of any Options which might have been granted as at the Latest Practicable Date would be based on a number of speculative assumptions and therefore not only would such calculation be meaningful or representative, but it could also potentially be misleading to the Shareholders.

None of the Directors is and will be trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

A copy of the New Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at Unit 3503B-5, 35/F, 148 Electric Road, North Point, Hong Kong for a period of 14 days before the date of the AGM, and at the AGM.

Conditions Precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

1. the passing of an ordinary resolution to approve the adoption of the New Share Option Scheme by the Shareholders at the AGM; and
2. the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any shares of the Company which may fall to be issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the New Share Option Scheme.

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the New Share Option Scheme. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date and that no further Options will be granted under the Existing Share Option Scheme prior to the date of the AGM, the number of Shares that may fall to be allotted and issued upon exercise in full of the Options that may be granted after the resolution authorizing the Directors to allot and issue up to 10% of the then issued share capital of the Company has passed at the AGM would be 696,871,032 Existing Shares (or 69,687,103 Consolidated Shares if the Share Consolidation has become effective) should the New Share Option Scheme be adopted. The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes must not exceed 30% of the relevant class of securities of the Company in issue from time to time.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the shares of the Company which may fall to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

LETTER FROM THE BOARD

AGM

The notice convening the AGM is set out in Appendix IV to this circular. A form of proxy for the AGM is enclosed with this circular. If you do not intend to be present at the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event no less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

Pursuant to rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meeting must be taken by poll. Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM and the Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors believe that the re-election of the retiring Directors, the grant of the general mandates to issue, allot and repurchase shares and the extension of the Issue Mandate and the adoption of the New Share Option Scheme are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

On behalf of the Board
Sneah Kar Loon
Chairman

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Set out below are details of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM:

Mr. LAI Hock Meng, aged 56, has been an independent non-executive Director since April 2011. Mr. Lai has a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in England, majoring in economics. He is also a Chartered Financial Analyst with the CFA Institute in the United States of America and a fellow of the Chartered Institute of Marketing in the United Kingdom. Mr. Lai is currently the Chairman of Singapore-based corporate advisory firm HML Consulting Group. Mr. Lai is the independent director of various companies listed on the Singapore Exchange Securities Trading Limited, including China Energy Limited, China Essence Group Ltd., China Oilfield Technology Services Group Limited, Delong Holdings Limited, Metax Engineering Corp Limited and ASTI Holdings Limited. He is also the non executive director of PureCircle Limited, a company listed on the London Stock Exchange.

Mr. Lai currently serves on the editorial board of the CFA Digest. He is a member of Singapore Institute of Directors, an inquiry panel member of the Law Society of Singapore and a member of the Academic Board, East Asia Institute of Management, Singapore.

He is also a non-executive director of Champ Buyout III Pte Ltd, and was a member of the investment committee of Tembusu Partners Pte. Ltd., both companies are involved in private equity investment. He was the independent director of Xpress Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited.

He was the managing director of Morgan Grefell & Partners Securities Pte. Ltd. (“MGAPS”) from 1993 to 1996. In January 1994, MGAPS was found to have breached the regulations of the then Stock Exchange of Singapore pertaining to net adjusted capital of MGAPS. The breach was because the company trading in business volumes in excess of a certain multiple of its capital after adjusting for, among other items, the doubtful debts, book losses on customers’ outstanding position and shares awaiting for collection. MGAPS was fined for a sum of SGD75,000 by the then Stock Exchange of Singapore for the breach. Mr. Lai was not personally involved in matters leading to such breach.

Mr. BALAKRISHNAN Narayanan, aged 57, has been an independent non-executive Director since April 2011. Mr. Balakrishnan obtained his bachelor’s degree in economics in Amherst College, Massachusetts, the United States of America in 1978 and obtained his master’s degree in journalism in Columbia University in New York in 1980. Mr. Balakrishnan has been a director of The Cool Investor Limited, a company specialised in outsourcing editorial services to scientific, medical and technical journals and books since 1996. Mr. Balakrishnan worked as the specialist writer on finance in Far Eastern Economic Review from 1989 to 1994, and as the manager in Value Partners Fund Management from 1994 to 1996.

Mr. Balakrishnan worked as the federal reserve board correspondent in CNS News Services from 1980 to 1982, as the assistant to editor in Singapore Press Holdings from 1982 to 1986, as the research manager from Bankers Trust Brokerage from 1986 to 1989, as the specialist writer on finance in Far Eastern Economic Review from 1989 to 1994, and as the manager in Value Partners Fund Management from 1994 to 1996.

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. NG Kwok Lun, aged 53, has been a non-executive Director since April 2011 and re-designated to an executive Director of the Company on 1 August 2012. Mr. Ng was the chief financial officer of the Company from July 2008 to December 2008. Mr. Ng obtained a bachelor's degree in accountancy from the City University of Hong Kong in 1991, and obtained a master's degree in business from Graduate School of Business, Strathclyde University in 2006. He is also an associate of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretary and Administrators and the Hong Kong Institute of Company Secretaries. He is also a fellow of The Chartered Association of Certified Accountants.

Mr. Ng served as chief financial officer in various companies listed on the Stock Exchange, including TCL Communication Technology Holdings Limited, Genvon Group Limited (formerly known as Wang Sing International Holdings Group Limited) and Applied Development Holdings Ltd. (formerly known as Applied International Holdings Limited). He has extensive experience in corporate finance and management from professional accounting, banking, international retailing and manufacturing industries.

Save as disclosed above, each of the Directors proposed to be re-elected was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the Securities and Futures Ordinance as at the date hereof.

Save as disclosed above, in the three years immediately preceding the date hereof, each of the Directors proposed to be re-elected had not held any directorship in listed public companies or other major appointments and qualifications. Each of the Directors proposed to be re-elected does not have any relationships with any other directors, substantial shareholders, controlling shareholders or senior management of the Company.

No service agreement has been entered into between the Company and each of the Directors proposed to be re-elected and they are subject to retirement and re-election in accordance with the Bye-laws of the Company.

Save as mentioned above, each of the Directors proposed to be re-elected confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with his re-election and save as disclosed above, there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on the Stock Exchange.

This Appendix serves as an explanatory statement to provide requisite information in relation to the Repurchase Mandate required pursuant to the Listing Rules:

SHARE CAPITAL

As at the Latest Practicable Date, the Company has 6,968,710,326 Existing Shares in issue at the nominal value of \$6,968,710.33. On that basis and assuming no further Shares will be issued prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 696,871,032 Existing Shares (or 69,687,103 Consolidated Shares if the Share Consolidation has become effective) being repurchased by the Company.

REASON FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws and the applicable laws of Bermuda. The Directors propose that the repurchase of Shares under the Repurchase Mandate will be financed from the Company's internal resources.

There might be a material adverse impact on the working capital or gearing position of the Company, in the event that the proposed Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

Since trading in the Shares on the Stock Exchange was suspended from 9:30 am on 31 August 2010 to 16 July 2012. Hence, there are no highest and lowest prices at which the Shares have been traded on the Stock Exchange during the aforesaid period.

The highest and lowest prices at which Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
31 August 2010 to 16 July 2012	suspended	suspended
July 2012	0.091	0.050
1 August 2012 until the Latest Practicable Date	0.070	0.027

DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their Associates has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company or its subsidiaries.

No connected person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by Shareholders.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws of the Company, and the applicable laws of Bermuda.

EFFECT OF THE TAKEOVERS CODE

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code.

As at the Latest Practicable Date, pursuant to the latest disclosure of interests forms filed by the substantial Shareholders, the substantial Shareholders and the Directors together with their Associates collectively were beneficially interested in 5,014,216,983 Shares representing approximately 71.95% of the issued share capital of the Company. In the event that the Directors exercised the Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the AGM, the interest of the substantial Shareholders, together with their Associates, in the Company would be increased to approximately 79.95% of the issued share capital. However, the Directors have no intention to exercise the Repurchase Mandate to such extent that less than 25% of the issued share capital of the Company would be in public hands. As at the Latest Practicable Date, pursuant to the latest disclosure of interests forms dated 11 January 2010 and 18 August 2010 filed by Dato Poh Po Lian and Mr. Cheng Chee Tock Theodore respectively, Dato Poh Po Lian held 3,246,264,127 Shares, whereas Mr. Cheng Chee Tock Theodore was deemed to be interested in 1,757,142,856 Shares, each of them holding an aggregate interest of 46.58%

and 25.21% respectively in the total issued share capital of the Company. In the event that the Directors exercise in full the Repurchase Mandate, the shareholding of the Company held by Dato Poh and Mr. Cheng will increase to approximately 51.76% and 28.02% of the issued share capital of the Company respectively. Upon full exercise of the Repurchase Mandate, the shareholding of Dato Poh may give rise to an obligation to make a mandatory general offer under the Takeovers Code. However the Directors have no intention to exercise the Repurchase Mandate to the extent that it will trigger a mandatory general offer under the Takeovers Code. Save as disclosed above, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of repurchase made pursuant to the Repurchase Mandate should the Repurchase Mandate be exercised in full.

SHARE REPURCHASE MADE BY THE COMPANY

During the previous 6 months prior to the Latest Practicable Date, the Company had not repurchased or redeemed any of the listed securities of the Company.

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration by the Board which may include a duly authorised committee thereof and the decision of the Board shall be final, conclusive and binding on all parties.

(c) Grant and acceptance of Options

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below. The Eligible Participants will be any employee of the Company or any of its subsidiaries or any Invested Entity including any executive and non-executive directors of the Company or any of its subsidiaries or any Invested Entity, and any business or joint venture partner, contractor, agent, representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including any sub-tenant) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

(d) Exercise of Options and Price of Shares

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The exercise price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant.

(e) Maximum number of Shares available for issue

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date such approval being granted. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.

(f) Grant of Options to connected persons or any of their Associates

Any grant of Options to a connected person (including but not limited to a Director or substantial Shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder or an independent non-executive Director or their respective Associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1 % of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of

HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its Associates must be approved by Shareholders in a general meeting.

(g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where appropriate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its Associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of Exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the New Share Option Scheme (the "**Option Period**").

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, no Option may be granted:

- (1) after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published by the Company;
- (2) during the period commencing 60 days immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company results for any year (whether or not required under the Listing Rules);
 - (b) the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the financial results of the Company (whether or not required under the Listing Rules);
 - (c) the deadline for the Company to publish an announcement of its results for any year under the Listing Rules (whether or not required under the Listing Rules);and
- (3) during the period commencing 30 days immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company results for any half-year, quarterly or any other interim period (whether or not required under the Listing Rules);
 - (b) the deadline for the Company to publish an announcement of its results for any half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules).

(j) Rights are personal to grantees

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

(k) Rights on cessation of employment by dismissal

If the grantee of an Option is an employee or a director and ceases to be an employee or a director on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence or other grounds on which an

employer would be entitled to terminate his or her employment or directorship pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment or directorship.

(l) Rights on death

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of six months following the date of death (or such longer period as the Board may determine), failing which it will lapse.

(m) Rights on cessation of employment for other reasons

If the grantee of an Option who is an employee or a director and ceases to be an Eligible Participant by reason of ill-health or retirement in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Options (to the extent not already exercised) in whole or in part within a period of six months following the date of such cessation, which date shall be the last actual working with the Group, whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (p) to (r) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (p) to (r) respectively.

(n) Rights on cessation of holding securities issued by the Group

If the grantee of an Option who is a holder of the securities issued by the Group ceasing to be an Eligible Participant by reason that such Option holder ceases to be a holder of any securities issued by the Group, the Option shall lapse on the date of cessation. If the grantor of such securities ceases to be member of the Group, the grantee of an Option may exercise the Option within six months following the date of cessation.

(o) Rights on breach of contract

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

(p) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(q) Rights on winding up

In the event a notice is given by the Company to its members to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than two Business Days prior to the propose general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(r) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, under section 99 of the Companies Act, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to summon a meeting to consider such a scheme or arrangement and any Grantee or his Personal Representative(s) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter, by notice in writing to the Company accompanied by a remittance of the full amount of the Subscription Price in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice on condition upon such compromise or arrangement being sanction by the Supreme Court of Bermuda and becoming effective. Upon such compromise or arrangement becoming effective, all Options for the outstanding Options shall lapse. The Company may thereafter require each Option holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option holder in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(s) Cancellation of Options

The Board may at any time cancel any Option granted but not exercised if the grantee so agrees. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e) (ii) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(t) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

(u) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(v) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the AGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further

Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised. The life of the New Share Option Scheme shall be for ten years commencing from the Adoption Date.

(w) Alterations to the terms of the New Share Option Scheme

- (i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(x) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of ordinary resolution to adopt the New Share Option Scheme.

(y) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (r);

(iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and

(iv) the date of the commencement of the winding-up of the Company.

(z) Termination

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(aa) Miscellaneous

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the new requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (t) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.

C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of C Y Foundation Group Limited (“Company”) will be held at 6/F – Tin Hau Function Room, L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong on Friday, 28 September 2012, at 10:00 am for the following purposes:

To consider and, if thought fit, to pass, with or without amendments, the resolution No. 1 to 8 as ordinary resolutions:

ORDINARY RESOLUTIONS

1. To receive and consider the consolidated financial statements, the directors’ reports and the auditor’s reports of the Company for the year ended 31 March 2012.
2. To re-elect the retiring directors of the Company for the ensuing year.
3. To authorise the board of directors (“Directors”) of the Company to fix the Directors’ remuneration.
4. To re-appoint ANDA CPA Limited as auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
5. **THAT**
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and/ or grant offers, agreements and/or options, including bonds, warrants, debentures, notes and other securities convertible into shares of the Company, which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined hereinafter) to make and/or grant offers, agreements and options, including bonds, warrants, debentures, notes and other securities convertible into shares of the Company, which might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to participants of the Company, its subsidiaries, and its ultimate holding company (if any) which

is also listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and its subsidiaries, of shares or right to acquire shares in the Company shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).

6. THAT

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of The Rules Governing the Listing of Securities on the Stock Exchange or on any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

7. **THAT** conditional upon resolutions number 5 and 6 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution number 6 above be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution number 5 above.

8. **THAT**

- (a) Conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares (the “Shares”) of the Company falling to be allotted and issued pursuant to the new share option scheme (the “New Share Option Scheme”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal in the Shares as may be required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and

- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to resolution numbered 8(a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution.”

By Order of the Board
Sneah Kar Loon
Chairman

Hong Kong, 28 August 2012

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint proxy(ies) to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney authorized to sign the same.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered to the office of Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any share, any one of such joint holders may vote at the annual general meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.