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## **THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this Prospectus or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

**If you have sold or transferred** all your shares in C Y Foundation Group Limited (the “Company”), you should at once hand the Prospectus Documents (as defined herein) to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Subject to the granting of listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the other document specified in the paragraph headed “Documents delivered and to be delivered to the Registrars of Companies” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents will be filed with the Registrar of Companies in Bermuda in accordance with the requirements of the Companies Act 1981 of Bermuda. The Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any of these documents.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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## **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1182)**

### **OPEN OFFER**

### **ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

**Underwriter to the Open Offer**



**KINGSTON SECURITIES LTD.**

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The Latest Time for Acceptance (as defined herein) is 4:00 p.m. on Friday, 23 November 2012. The procedures for acceptance of and payment for the Offer Shares are set out on pages 17 to 18 in this Prospectus. Shareholders should note that the Underwriting Agreement (as defined herein) contains provisions granting the Underwriter (as defined herein), by notice in writing, the right to terminate the Underwriter’s obligations thereunder on the occurrence of certain events. These events are set out under the paragraph headed “Termination of the Underwriting Agreement” under the sub-section headed “Underwriting Agreement” in the “Letter from the Board” section of this Prospectus.

The Open Offer (as defined herein) is conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offer” in this Prospectus. In particular, the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement” in this Prospectus. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

9 November 2012

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## DEFINITIONS

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*In this prospectus, the following expressions have the following meanings, unless the context otherwise requires:—*

“Announcement”	the announcement of the Company dated 19 October 2012 in relation to the Open Offer
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday, a Sunday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning given to that term in the Listing Rules
“Convertible Notes”	the outstanding one-year unsecured 3% convertible notes in the principal amount of HK\$20,000,000 conferring rights to convert into 34,904,013 Shares at the conversion price of HK\$0.573 per Share (subject to adjustments)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is/are independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates

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## DEFINITIONS

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“Last Acceptance Date”	Friday, 23 November 2012, being the latest date for acceptance of, and payment for, the Offer Shares
“Last Trading Day”	19 October 2012, being the last trading day for the shares of the Company immediately prior to the date of the Announcement
“Latest Lodging Date”	4:00 p.m. on Friday, 2 November 2012 being the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Practicable Date”	6 November 2012, being the latest practicable date prior to printing of this Prospectus for ascertaining certain information herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 23 November 2012 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	348,435,516 new Shares to be offered to the Qualified Shareholders for subscription on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and payable in full on acceptance pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of Open Offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised therein
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer

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## DEFINITIONS

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“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PRC”	People’s Republic of China, which for the purpose of this Prospectus, shall excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	this document issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form in respect of the assured allotment of Offer Shares
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Wednesday, 7 November 2012, being the date by reference to which entitlements to the Open Offer were determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

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## DEFINITIONS

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“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share
“Takeovers Code”	The Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 19 October 2012 entered into between the Company and the Underwriter in relation to the Open Offer
“USA”	United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage or per centum

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## EXPECTED TIMETABLE

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The expected timetable for the Open Offer as set out below is for indicative purposes only and has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Latest time for acceptance of, and payment of Offer Shares . . . . .	Friday, 4:00 p.m. on 23 November 2012
Latest time for the Open Offer to become unconditional (being the second Business Day following the Latest Acceptance Date) . . . . .	Tuesday, 4:00 p.m. on 27 November 2012
Announcement of results of acceptance of the Offer Shares . . . . .	Wednesday, 28 November 2012
Despatch of share certificates for Offer Shares . . . . .	Thursday, 29 November 2012
Despatch of refund cheques, if any, if the Open Offer is terminated . . . . .	Thursday, 29 November 2012
Dealings in Offer Shares commence . . . . .	Friday, 9:00 a.m. on 30 November 2012

All times stated in this Prospectus refer to Hong Kong times. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OPEN OFFER**

If there is:

- a tropical cyclone warning signal number 8 or above, or
  - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date, the Latest Time for Acceptance will not take place at 4:00 p.m. on the Last Acceptance Date, but will be extended to 5:00 p.m. on the same day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date, the Latest Time for Acceptance will not take place on the Last Acceptance Date, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

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## **EXPECTED TIMETABLE**

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If the Latest Time for Acceptance does not take place at 4:00 p.m. on Friday, 23 November 2012, the dates mentioned in the section headed “Expected Timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event.



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Shares on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement in respect of Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,
- (8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

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## LETTER FROM THE BOARD

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### C Y FOUNDATION GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1182)**

*Executive Directors:*

Mr. SNEAH Kar Loon

Mr. NG Kwok Lun

*Independent non-executive Directors:*

Mr. LAI Hock Meng

Mr. BALAKRISHNAN Narayanan

Mr. YONG Peng Tak

Mr. IO Rudy Cheok Kei

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place  
of business in Hong Kong:*

Unit 3503B-5, 35th Floor

148 Electric Road

North Point

Hong Kong

9 November 2012

*To the Qualifying Shareholders and for information only,  
to the Prohibited Shareholders*

Dear Madam/Sir,

**OPEN OFFER  
ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES  
HELD ON THE RECORD DATE**

#### INTRODUCTION

Reference is made to the Announcement.

The Board proposes to raise approximately not less than HK\$34.8 million and not more than HK\$36.6 million before expenses, by way of Open Offer at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and payable in full on acceptance.

The purpose of this Prospectus is to provide you with further information in relation to the Open Offer, including procedures for application and payment for the Open Offer and certain financial information and other information in respect of the Company.

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## LETTER FROM THE BOARD

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### OPEN OFFER

#### Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held on the Record Date
Subscription Price:	HK\$0.10 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	696,871,032 Shares
Number of Offer Shares:	348,435,516 new Shares
Number of Offer Shares underwritten by the Underwriter:	All the Offer Shares
Number of Shares in issue immediately upon completion of the Open Offer:	1,045,306,548 Shares

Pursuant to the Underwriting Agreement and subject to the terms and conditions thereof, the Open Offer will be fully underwritten.

As at the Latest Practicable Date, the Company has outstanding Convertible Notes in the principal amount of HK\$20,000,000 which is convertible into 34,904,013 Shares at the conversion price of HK\$0.573 per Share (subject to adjustments). Save for the Convertible Notes, the Company has no other outstanding warrants, options or convertible securities as at the Latest Practicable Date.

#### Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Offer Share for every two (2) Shares held on the Record Date, being 348,435,516 new Shares at the Subscription Price of HK\$0.10 per Share. Acceptance for all or any part of the Qualifying Shareholder's provisional allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

#### Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be the Prohibited Shareholders. In order to be registered as members of the Company on the

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## LETTER FROM THE BOARD

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Record Date, the Shareholders must have lodged their transfer of the Shares (with the relevant share certificates) for registration with the Registrar by the Latest Lodging Date, i.e. 4:00 p.m. on Friday, 2 November 2012.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

### **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and Bermuda. Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date may not be eligible to take part in the Open Offer. Based on the register of members of the Company on the Record Date, there are five Overseas Shareholders situated in British Virgin Islands, PRC, USA and United Kingdom respectively.

The Directors are of the view that the Offer Shares can be offered to the Overseas Shareholders in their jurisdictions other than USA. The Directors have been advised that all offers and sales of securities in USA must be registered with the Securities and Exchange Commission (“SEC”) in USA under the Securities Act of 1933 unless they fall within the exemptions. In order to structure the Open Offer to fall within the exemption, the Company would have to exercise reasonable care to assure that the Overseas Shareholder is not an underwriter within the meaning of the Securities Act of 1933, disclose the resale limitation, insert a restrictive legend on the share certificate and make the relevant filing with the SEC. As the subject Overseas Shareholder with registered address in the United States hold 462 Shares only, the Directors consider that it would be onerous for the Company to comply with all the legal requirements in USA to extend the Open Offer to such Shareholder. Accordingly, other than the one Shareholder with registered address in USA, there are no Prohibited Shareholders.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Offer Shares.

### **Subscription Price**

The Subscription Price is HK\$0.10 per Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 35.90% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 34.38% to the average of the closing prices of HK\$0.1524 per Share for the last five consecutive trading days including and up to the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 27.17% to the theoretical ex-entitlement price of approximately HK\$0.1373 per Share based on the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the then prevailing market price of the shares of the Company and the financial positions of the Group. In view of the long suspension of trading of the shares of the Company on the Stock Exchange prior to 17 July 2012 and taking into consideration of the theoretical ex-entitlement price per exiting share of the Company, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Status of the Offer Shares**

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

The first date of dealings in the Offer Shares is expected to be on Friday, 30 November 2012.

### **Fractional entitlements**

Fractional entitlements to Offer Shares will not be issued but will be aggregated and taken up by the Underwriter.

### **No application for excess Offer Shares**

After arm's length negotiation with the Underwriter, the Board decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Share in excess of their respective assured entitlements. Given that under the proposed Open Offer, each Qualifying Shareholder will be given equal and fair opportunities to participate in the Company's future development by subscribing for his/her/its entitlements under Open Offer, the Board considers that it will put in additional effort and costs to administer the excess application procedures. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders.

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## LETTER FROM THE BOARD

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### **Share certificates and refund cheques for the Open Offer**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all fully paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 29 November 2012. One Share certificate will be issued in respect of all fully-paid Offer Shares issued and allotted to a Qualifying Shareholder. Refund cheques in the event of the Underwriting Agreement not becoming unconditional on the Latest Time for Termination are expected to be posted on or before Thursday, 29 November 2012 by ordinary post to the applicants at their own risk.

### **Application for listing**

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

The board lot size of trading of the Offer Shares will be 10,000 Shares.

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## LETTER FROM THE BOARD

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### UNDERWRITING AGREEMENT

Principal terms of the Underwriting Agreement are set out as follows:

Date	:	19 October 2012 (after trading hours)
Underwriter	:	Kingston Securities Limited
Number of Offer Shares underwritten	:	Pursuant to the terms and conditions of the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite any Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten.

To the best of the Directors' knowledge, information and belief, the Underwriter and its associates are Independent Third Parties. As at the Latest Practicable Date, the Underwriter is interested in an aggregate of 6 Shares.

A commission of 2% of the value of the maximum number of Offer Shares committed to be underwritten by the Underwriter under the Open Offer will be payable to the Underwriter and the Company will reimburse the Underwriter for all reasonable costs and expenses incurred by the Underwriter in connection with the Open Offer under the Underwriting Agreement. The Directors (including the independent non-executive Directors) consider that the amount and the basis of the underwriting commission are fair and reasonable and the commission rate is comparable to the current market rate.

In the event of the Underwriter is being called upon to subscribe for or procure subscription for the untaken Offer Shares, the Underwriter shall not subscribe, for its own account, for such number of untaken Offer Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and the Underwriter shall use its best endeavours to ensure that each of the subscribers of the untaken Offer Shares procured by it (i) shall be an Independent Third Party and not acting in concert with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates; and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company as enlarged by the Offer Shares upon completion of the Open Offer, such that the Company will be able to comply with the minimum public float requirement sets out under Rule 8.08(1) of the Listing Rules.

### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for



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## LETTER FROM THE BOARD

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Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

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## LETTER FROM THE BOARD

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- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Shares on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement in respect of Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,
- (8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively not later than the date of this Prospectus of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (2) the registration with the Registrar of Companies in Bermuda of one copy of each of the Prospectus Documents duly (if required) signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act 1981 of Bermuda, as amended from time to time, on or as soon as practicable after the date of this Prospectus;

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## LETTER FROM THE BOARD

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- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the date of this Prospectus;
- (4) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (5) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Open Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;
- (6) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms at or before the Latest Time for Termination; and
- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects.

The above conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

### **PROCEDURES FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES**

An Application Form is enclosed with this Prospectus which entitles a Qualifying Shareholder to apply for the number of Offer Shares available to the Qualifying Shareholder on an assured basis subject to payment in full on acceptance by not later than 4:00 p.m. on Friday, 23 November 2012. Qualifying Shareholders should note that they may apply for the number of Offer Shares equal to or less than the number set out in the Application Form. If you are a Qualifying Shareholder and you wish to apply for any number of Offer Shares in your assured allotment of Offer Shares to which you are entitled as specified in the enclosed Application Form, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance in respect of such number of Offer Shares you have applied for with the Registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 23 November 2012. All remittances must be made in Hong Kong dollars. Cheque(s) must be drawn on an account with, or banker's cashier order(s) must be issued by, a licensed bank in Hong Kong and made payable to "C Y FOUNDATION GROUP LIMITED – OPEN OFFER ACCOUNT" and crossed "ACCOUNT PAYEE ONLY".

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## LETTER FROM THE BOARD

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It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 23 November 2012, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to apply for a number of Offer Shares different from your assured entitlement.

All cheques or banker's cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms by the Latest Time for Termination, the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "ACCOUNT PAYEE ONLY", through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company as soon as practicable and in any event on or before Thursday, 29 November 2012.

The Application Form is for use only by the person(s) named therein and is not transferable.

No receipt will be issued in respect of any application monies received.

### **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Company is an investment holding company. The principal activities of the Group are engaged in the manufacturing and sales of packaging products, operating internet and digital entertainment business and watch trading.

The estimated net proceeds from the Open Offer will be approximately HK\$33.5 million. The Board intends to apply the net proceeds from the Open Offer as to approximately HK\$20 million for expansion of the Group's existing packaging business and as to the remaining for general working capital purposes. Currently the packaging business of the Group is operated under a labor intensive model, which requires extensive control and monitoring to ensure stability of product quality. In view of the increasing labor costs in the PRC, the Group plans to automate its production facilities for its packaging business in order to reduce labour costs, improve production efficiency and enhance stability of product quality. The estimated investment in the production automation is approximately HK\$13.6 million, of which HK\$6.1 million will be applied to purchase 27 sets of machines and approximately HK\$7.5 million to purchase 15 sets of automatic production lines. In anticipation of the growth of the domestic sales market, the Group also plans to set up several representative offices in certain major cities in the PRC for exploring new business opportunities. It is intended that three representative offices and showrooms will be set up in

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## LETTER FROM THE BOARD

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Beijing, Shanghai and Guangzhou respectively by 2013. There will be around 10 staff in each location, including a core sales team of up to five staff and other administrative and supporting staff. The estimated set up cost for each office is approximately HK\$1.5 million. Furthermore, approximately HK\$1.9 million will be applied to purchase an enterprise resource planning system and strengthen its design team. Details of the future expansion plans of the Group are disclosed in the section headed “FINANCIAL AND TRADING PROSPECTS” in Appendix I of this Prospectus.

The Company has been loss-making for years. As discussed in the 2011 annual report of the Company, the management of the Company had worked proactively on the resumption of trading of the Company’s shares, which was approved by the Stock Exchange in July 2012. Since then, the management of the Company has put its best effort to adopt stringent cost control measures and explore ways to expand and turnaround the Group’s existing businesses so as to enhance the value of the Group.

Having considered (i) the terms of the Open Offer and (ii) the funds to be raised from the Open Offer will provide the Group with financial resources and flexibility to implement the above expansion plans, the Directors (including the independent non-executive Directors) are of the view that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

### **ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE NOTES**

The Open Offer will result in adjustments to the conversion price and the resulting number of the Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes. Subject to completion of the Open Offer, the conversion price of the Convertible Notes would be adjusted from HK\$0.573 per Share to HK\$0.5073 per Share effective from the date next following the Record Date pursuant to the terms and conditions of the Convertible Notes. The calculation of adjustment has been certified by the Auditor of the Company.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Open Offer is set out below:

	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Luck Continent Limited	324,626,412	46.58%	486,939,618	46.58%	324,626,412	31.06%
<i>Public Shareholders:</i>						
Underwriter (Note 1)	6	0.00%	9	0.00%	348,435,522	33.33%
Others	372,244,614	53.42%	558,366,921	53.42%	372,244,614	35.61%
Sub-total	372,244,620	53.42%	558,366,930	53.42%	720,680,136	68.94%
Total	696,871,032	100.00%	1,045,306,548	100.00%	1,045,306,548	100.00%

*Note:*

- Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of untaken Offer Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and the Underwriter shall use its best endeavours to ensure that each of the subscribers of the untaken Offer Shares procured by it (i) shall be an Independent Third Party and not acting in concert with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates; and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company as enlarged by the Offer Shares upon completion of the Open Offer, such that the Company will be able to comply with the minimum public float requirement sets out under Rule 8.08(1) of the Listing Rules.

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## LETTER FROM THE BOARD

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### FUND-RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The following table sets out the fund raising activities of the Company during the past twelve months immediately before the Latest Practicable Date:

Date of announcement	Descriptions	Amount raised	Intended usage	Actual usage as at the Latest Practicable Date
27 July 2012	Issue of the Convertible Notes	Approximately HK\$19.7 million	HK\$10 million for repayment of the loan to the subscriber and the remaining for general working capital of the Group	HK\$10 million has been applied for repayment of the loan to the subscriber and the remaining has been applied for general working capital of the Group

Save as disclosed above and the open offer proposed by the Company in August 2012 but was terminated in September 2012 (see announcements of the Company dated 15 August 2012 and 20 September 2012 respectively), the Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months immediately prior to the Latest Practicable Date.

### LISTING RULES IMPLICATIONS

Since the Open Offer will not increase the issued share capital or the market capitalization of the Company by more than 50% within the 12-month period immediately preceding the Announcement, pursuant to the Listing Rules, the Open Offer is not subject to the Shareholders' approval.

### WARNING OF THE RISK OF DEALING IN THE SHARES

**Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement"). Accordingly, the Open Offer may or may not proceed.**

**Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.**

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## LETTER FROM THE BOARD

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Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Thursday, 1 November 2012 and that dealing in Offer Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject to be fulfilled (which is expected to be on 4:00 p.m. on Tuesday, 27 November 2012), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board  
**C Y Foundation Group Limited**  
**SNEAH Kar Loon**  
*Chairman*



**1. FINANCIAL INFORMATION**

Financial information of the Group for each of the three years ended 31 March 2010, 2011 and 2012 are disclosed in the annual reports of the Company for the years ended 31 March 2010 (pages 30 to 118), 2011 (pages 33 to 138) and 2012 (pages 24 to 110) respectively. These annual reports are published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company ([www.cyfoundation.com](http://www.cyfoundation.com)).

**2. FINANCIAL AND TRADING PROSPECTS**

The Company is an investment holding company. The principal activities of the Group are engaged in the manufacturing and sales of packaging products, operating internet and digital entertainment business and watch trading.

For the financial year ended 31 March 2012, the Group recorded a net loss of approximately HK\$73.5 million attributable to the owners of the Company and the net assets of the Group as at 31 March 2012 was approximately HK\$197.4 million. As disclosed in the profit warning announcement of the Company dated 6 November 2012, the Group is expected to record a significant loss for the six months ended 30 September 2012 primarily attributable to: (i) a decrease in turnover and gross margin as a result of global economic downturn caused by the on-going debt crisis in Europe and U.S economy; (ii) a significant increase in labour costs as the Group's manufacturing section is operated under a labour intensive model; and (iii) the write off of the entire carrying value of goodwill of about HK\$15 million arising from previous acquisition of Kingbox (Asia) Limited and resulting from a significant loss expected to be incurred by Kingbox (Asia) Limited.

The estimated net proceeds from the Open Offer will be approximately HK\$ 33.5 million. The Board intends to apply the net proceeds from the Open Offer as to HK\$20 million for expansion of the Group's existing packaging business and as to the remaining for general working capital purposes. Currently the packaging business of the Group is operated under a labor intensive model, which requires extensive control and monitoring to ensure stability of product quality. In view of the increasing labor costs in the PRC, the Group plans to automate its production facilities for its packaging business in order to reduce labour costs, improve production efficiency and ensure stability of product quality. The estimated investment in the production automation is approximately HK\$13.6 million, of which HK\$6.1 million will be applied to purchase 27 sets of machines and approximately HK\$7.5 million to purchase 15 sets of automatic production lines. In anticipation of the growth of the domestic sales market, the Group also plans to set up several representative offices in certain major cities in the PRC for exploring new business opportunities. It is intended that three representative offices and showrooms will be set up in Beijing, Shanghai and Guangzhou respectively by 2013. There will be around 10 staff in each location, including a core sales team of up to five staff and other administrative and supporting staff. The estimated set up cost for each office is approximately HK\$1.5 million. Furthermore, approximately HK\$1.9 million will be applied to purchase an enterprise resource planning system and strengthen its design team.

Packaging products produced by the Group include custom boxes for watches, jewelry and gift items, including cardboard box, leather box, covered plastic box, covered wooden box, sprayed plastic box etc. The packaging products are mainly sold to customers in Europe, the USA, Southeast Asian Region and the PRC. Packaging products are produced by the Group on an ODM or OEM basis targeted to medium to high-ended market for watches, jewelry and gift items. The Group provides one-stop solution for designing, developing and manufacturing of packaging products which are carried out in three factories situated in the PRC. The Group plans to increase its production capacity, especially in manufacturing section of wooden boxes in order to meet the increase in market demand; and to further expand its client base in the Asia Pacific Region. The Group has targeted to medium to high-ended market with most of its customers based in Europe, the USA and Asia Pacific areas. Most of the packaging items are tailor-made for branded and luxury consumer goods including internationally renowned brands.

The Group also franchises internet café licenses to the internet café operators and receive management fee income. As at the Latest Practicable Date, there are approximately 55 internet café in the PRC which are operated by the third party franchisees under the Group's license. These internet cafés are operated in major cities in the PRC such as Beijing, Shanghai, Sichuan, Tianjin, Zhejiang and etc.

Except for the above development, any remaining net proceeds from the Open Offer will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Group should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

### **3. INDEBTEDNESS STATEMENT**

As at the close of business on 30 September 2012, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the Group had total outstanding borrowings of approximately HK\$21.5 million, comprising secured bank loan of approximately HK\$3.1 million and liability component of an unsecured convertible bond of approximately HK\$18.4 million. The bank loan was secured by legal charges over the Group's leasehold property with the carrying amount of approximately HK\$8.7 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 September 2012, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

**4. WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, taking into account the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds, the available credit facilities and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for at least the next twelve months from the date of this Prospectus.

**5. MATERIAL CHANGE**

As disclosed in the profit warning announcement of the Company dated 6 November 2012, the Group is expected to record a significant loss for the six months ended 30 September 2012 primarily attributable to: (i) a decrease in turnover and gross margin as a result of global economic downturn caused by the on-going debt crisis in Europe and U.S economy; (ii) a significant increase in labour costs as the Group's manufacturing section is operated under a labour intensive model; and (iii) the write off of the entire carrying value of goodwill of about HK\$15 million arising from previous acquisition of Kingbox (Asia) Limited and resulting from a significant loss expected to be incurred by Kingbox (Asia) Limited .

As at the Latest Practicable Date, save as disclosed above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS**

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Open Offer of the Company (the "Open Offer") on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 31 March 2012.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Open Offer.

The following statements of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 31 March 2012 (a) assume that no Convertible Note conversion on or before the Last Acceptance Date and (b) assume that the Convertible Note are fully converted into Ordinary Share on or before the Last Acceptance Date, adjusted as described below:

**(a) Assume that no Convertible Note conversion on or before the Last Acceptance Date**

	<b>Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2012</b> <i>(Note 1)</i> <i>HK\$'000</i>	<b>Estimated net proceeds from the Open Offer</b> <i>(Note 2)</i> <i>HK\$'000</i>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2012</b> <i>HK\$'000</i>
	<u>180,769</u>	<u>33,500</u>	<u>214,269</u>
Unaudited consolidated net tangible assets per Share before completion of the Open Offer <i>(Note 3)</i>			<u>HK\$0.26</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Open Offer <i>(Note 4)</i>			<u>HK\$0.20</u>

- (b) Assume that the Convertible Note are fully converted into Ordinary Share on or before the Last Acceptance Date

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2012 <i>(Note 5)</i> <i>HK\$'000</i>	Estimated net proceeds from the Open Offer <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2012 <i>HK\$'000</i>
	<u>198,642</u>	<u>33,500</u>	<u>232,142</u>
Unaudited consolidated net tangible assets per Share before completion of the Open Offer <i>(Note 6)</i>			<u>HK\$0.27</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Open Offer <i>(Note 7)</i>			<u>HK\$0.21</u>

*Notes:*

1. The unaudited consolidated net tangible assets of the Group of approximately HK\$180,769,000 attributable to the owners of the Company as at 31 March 2012 are based on the equity of approximately of HK\$196,245,000 excluding the intangible assets of approximately HK\$338,000 and goodwill of approximately HK\$15,138,000 as at 31 March 2012.
2. The estimated net proceeds from the Open Offer are based on the gross proceeds of approximately HK\$34.8 million from 348,435,516 Open Offer Shares at the Subscription Price of HK\$0.1 per Share for the Offer Shares on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and payable in full on acceptance, after deduction of the underwriting fees and other share issue related expenses payable by the Company of approximately HK\$1,300,000.
3. It is based on the unaudited consolidated net tangible assets of the Group of approximately HK\$180,769,000 (as per note 1), divided by 696,871,032 Shares before completion of the Open Offer.
4. It is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group of approximately HK\$214,269,000 as at 31 March 2012, divided by 1,045,306,548 Shares, on which 696,871,032 Shares plus 348,435,516 Offer Shares in issue as at 31 March 2012, assuming that the Open Offer had been completed on 31 March 2012.
5. The unaudited consolidated net tangible assets of the Group of approximately HK\$180,769,000 (as per note 1) adjusting the reversal of the related liability portion of approximately HK\$17,873,000 after the conversion of Convertible Note.
6. It is based on the unaudited consolidated net tangible assets of the Group of approximately HK\$198,642,000 (as per note 5), divided by 736,295,435 Shares, on which 696,871,032 shares plus 39,424,403 shares converted from Convertible Note at the adjusted price of HK\$0.5073, before completion of the Open Offer and after the conversion of Convertible Note.
7. It is based on the unaudited pro forma adjusted consolidated net tangible assets (after the conversion of Convertible Note) of the Group of approximately HK\$232,142,000 as at 31 March 2012, divided by 1,084,730,951, on which 736,295,435 Shares (as per note 6) plus 348,435,516 Offer Shares in issue as at 31 March 2012, assuming that the Open Offer had been completed on 31 March 2012.

**B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, ANDA CPA Limited, Certified Public Accountants, Hong Kong.*



9 November 2012

The Board of Directors  
**C Y Foundation Group Limited**

Dear Sirs,

We report on the statement of unaudited pro forma adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of C Y Foundation Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Open Offer (as defined in the prospectus of the Company dated 9 November 2012 (the “Prospectus”) might have affected the consolidated net tangible assets of the Group as if the Open Offer had taken place at 31 March 2012, for inclusion in Appendix II to the Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix II to the Prospectus.

**Respective Responsibilities of Directors of the Company and Reporting Accountants**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2012 or any future date.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**ANDA CPA Limited**

*Certified Public Accountants*

**Sze LinTang**

Practising Certificate Number P03614

Hong Kong



**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Open Offer are as follows:

		<i>HK\$</i>
<i>Authorised:</i>		
	30,000,000,000 Shares of HK\$0.01 each	300,000,000.00
<i>Issued and fully paid or credited as fully paid:</i>		
	696,871,032 Shares in issue as at the Latest Practicable Date	6,968,710.32
	348,435,516 Offer Shares to be issued pursuant to the Open Offer	<u>3,484,355.16</u>
	<u>1,045,306,548</u>	<u>10,453,065.48</u>

All Offer Shares to be issued will rank pari passu in all respects with each other, including as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Offer Shares.

The Shares in issue are listed on the Stock Exchange. Subject to the grant of listing of and permission to deal in the Offer Shares by the Listing Committee, the Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any securities exchange other than the Stock Exchange and no application is being made or proposed or sought for the Shares, the Offer Shares or any other securities of the Company to be listed or dealt in on any other securities exchange.

As at the Latest Practicable Date, the Company has outstanding Convertible Notes in the principal amount of HK\$20,000,000 convertible into 34,904,013 Shares at the conversion price of HK\$0.573 per Share (subject to adjustment pursuant to the terms thereof).

Save as disclosed above, the Company does not have any other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares.

### 3. DISCLOSURE OF INTERESTS

#### Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name	Nature of interest	Number of Shares held	Approximately Percentage of the Company's issued share capital
Mr. SNEAH Kar Loon	Beneficial owner (Long position)	2,200,000	0.32
Mr. IO Rudy Cheok Kei	Beneficial owner (Long position)	1,200,000	0.17

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange

## 4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO and so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company:

**Long Positions in Shares**

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares or underlying shares</b>	<b>Shareholding (%)</b>
Dato POH Po Lian	Interest of controlled corporation	324,626,412	46.58
Luck Continent Limited	Beneficial owner	324,626,412	46.58
Active Dynamic Limited (Note)	Interest of controlled corporation	348,435,522	31.74
Chu Yuet Wah (Note)	Interest of controlled corporation	348,435,522	31.74
Galaxy Sky Investments Limited (Note)	Interest of controlled corporation	348,435,522	31.74
Kingston Capital Asia Limited (Note)	Interest of controlled corporation	348,435,522	31.74
Kingston Financial Group Limited (Note)	Interest of controlled corporation	348,435,522	31.74
Kingston Securities Limited (Note)	Beneficial owner and Other	348,435,522	31.74
Cheung Wai Tung	Interest of controlled corporation	34,904,013	5.01
Idea Sino Limited	Beneficial owner	34,904,013	5.01

*Note:* As at the Latest Practicable Date, the Underwriter is interested in 6 Shares. The rest of 348,435,516 Shares are the maximum number of the Offer Shares which the Underwriter has undertaken to underwrite in respect of the Open Offer. The Underwriter is wholly owned by Galaxy Sky Investments Limited, which in turn is wholly owned by Kingston Capital Asia Limited. The latter is wholly owned by Kingston Financial Group Limited, which is in turn owned as to 40.48% by Active Dynamic Limited, which is in turn wholly owned by Chu Yuet Wah is therefore deemed to be interested in the 348,435,522 Shares held by the Underwriter under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

#### **5. DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 31 March 2012 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### **7. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus and are or may be material:

- (a) The provisional sale and purchase agreement dated 24 November 2010 and the formal sale and purchase agreement dated 8 December 2010 entered into between Kingbox (Asia) Limited, a wholly-owned subsidiary of the Company as the vendor and Flying Wings Transportation Limited as the purchaser in relation to the disposal of the property at Unit E, 5/F, Dragon Industrial Building, Cheung Sha Wan, Kowloon, Hong Kong at a consideration of HK\$7,800,000;
- (b) A loan agreement dated 25 August 2011 entered into between the Company as the borrower and Idea Sino Limited as the lender for the facilities up to HK\$20,000,000;
- (c) A loan agreement dated 16 February 2012 entered into between CYC Investments Limited, a then wholly-owned subsidiary of the Company as the borrower and Dato Poh Po Lian, a major shareholder of the Company, as the lender for the facilities up to the principal sum of HK\$7,800,000;
- (d) The provisional sale and purchase agreement dated 6 April 2012 and the formal sale and purchase agreement dated 23 April 2012 entered into between Kingbox (Asia) Limited, a wholly-owned subsidiary of the Company as the vendor and Lai

Chi Keung and Wong Mei Hung as the purchaser in relation to the disposal of the property at Flat H, 32/F of Tower 5 of Manhattan Hill, No.1 Po Lun Street, Kowloon, Hong Kong at a consideration of HK\$6,980,000;

- (e) the subscription agreement dated 27 July 2012 entered into between the Company and Idea Sino Limited for the issue of the Convertible Notes;
- (f) the underwriting agreement dated 15 August 2012 entered into between the Company and Kingston Securities Limited in relation to a proposed open offer (which was subsequently terminated pursuant to a termination agreement dated 20 September 2012);
- (g) The provisional sale and purchase agreement dated 9 September 2012 and the formal sale and purchase agreement dated 24 September 2012 entered into between Kingbox (Asia) Limited, a wholly-owned subsidiary of the Company as the vendor and Chiang Kin Hing or his nominee(s) as the purchaser in relation to the disposal of the property at Unit D, 5/F, Dragon Industrial Building, Cheung Sha Wan, Kowloon, Hong Kong at a consideration of HK\$17,500,000; and
- (h) the Underwriting Agreement.

## 8. LITIGATION

As disclosed in the annual reports of the Company for each of the two years ended 31 March 2012 and 31 March 2011 respectively; and the announcement of the Company dated 13 July 2012, as at the Latest Practicable Date, the Group was involved in a number of litigations, details of which are reproduced and updated below:

### (a) The Company against Mr. Cheng, Ms. Yung and others

In connection with the payment in the sum of HK\$9,306,500 (the "Payment") made to Ms. Yung, the spouse 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 ICAC Investigation, details of which were disclosed in the announcements of the Company dated 13 September 2010, 7 October 2010, 7 March 2011 and 6 October 2011; and (ii) petition under section 168A of the Hong Kong Companies Ordinance ("S168A Petition"), details of which were disclosed in the announcements of the Company dated 21 April 2010, 24 January 2011, 27 January 2011, 27 April 2012 and 11 May 2012. 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 (the "High Court") against Mr. Cheng, Ms. Yung, Mr. Ng Pui Lung (being a former Director), Mr. Wang Shanchuan (being a former Director) and Mr. Ho Chi Chung Joseph (being a former Director and the former acting chief executive officer of the Group).

The directions hearing will be heard on 23 November 2012.

**(b) The Company and Highsharp Investments Limited (“Highsharp”), as plaintiffs**

On 5 May 2011, the Company and Highsharp, a wholly owned subsidiary of the Company, as plaintiffs, issued a writ of summons in the High Court against, among others, Mr. Cheng, Ms. Yung, the personal representatives of Mr. Kok Teng Nam (deceased), Mr. Philip Yu and Agustus Investments Limited (“Agustus”).

The directions hearing will be heard on 13 November 2012.

**(c) The Company and Ace Precise International Limited (“Ace Precise”), as plaintiffs**

On 6 May 2011, the Company and Ace Precise, a wholly owned subsidiary of the Company, as plaintiffs, issued a writ of summons in the High Court against Best Max Holdings Limited (“Best Max”), Mr. Lo Chun Cheong (being the sole director and registered shareholder of Best Max) (“Mr. Lo”), Mr. Cheng, Mr. Joseph Ho and Mr. Yeung Tak Hung Arthur (being the former chief operating officer of the Group).

By the court order granted on 23 November 2011, the time for Mr. Lo to comply with unless order dated 28 October 2011 for filing and service of Defence was extended until two weeks after disposal of Mr. Lo’s summons for striking out. The hearing of Mr. Lo’s striking out summons was heard on 7 February 2012 and the Company is now awaiting court judgment.

**(d) Subsidiaries of the Company against Mr. Cheng**

On 11 June 2011, the Company, together with certain of its wholly-owned subsidiaries, namely CYC Investments Limited (“CYC Investments”), Sincere Land Holdings Limited (“Sincere Land”), Hainan Treasure Way Enterprises Limited, Hainan Jiaying Internet Technology Company Limited, Suzhou C Y Foundation Entertainment and Investment Management Limited, CYC Investment Consultancy (Wuxi) Limited and Longpin Investment Consultancy (Shanghai) Company Limited, as plaintiffs, issued an originating summons in the High Court to claim against Mr. Cheng.

The hearing of Mr. Cheng’s summons dated 19 December 2011 for striking out was heard on 15 May 2012. Pursuant to the judgment and a court order dated 18 July 2012, an Amended Statements of Claim of the Company, CYC Investments and Sincere Land was filed on 1 September 2012. Both parties are now preparing for the relevant documents to be filed to the court.

**(e) The Company against former management and employees**

On 3 June 2011, the Company, as plaintiff, issued a writ of summons in the High Court against, among others, Mr. Cheng, Ms. Yung, Mr. Joseph Ho, Mr. Arthur Yeung, Ms. Kwok Pui Hung (being a former director of human resources of the Group), Mr. Tsang Heung Yip (being a former financial controller of the Group) and other six former employees (collectively referred to as the “Defendants”). A mediation notice was filed by the Company on 12 January 2012 to attempt mediation to resolve all of its disputes with the Defendants. All the Defendants agree with the mediation and the first joint mediation session was held on 19 July 2012.

After the mediation session, both the Company and the Defendants are not able to reach an agreement to settle the dispute, the mediation was therefore concluded on 19 July 2012. Both parties are now preparing for exchanging witness statements and the relevant documents to be filed to the court.

A hearing of the second Case Management Conference is scheduled to be held on 16 January 2013.

**(f) A subsidiary of the Company against Ms. Yung**

Ms. Yung and Kingbox (Asia) Limited (“Kingbox”) (an indirect wholly-owned subsidiary of the Company) purportedly entered into supplemental agreement dated 4 January 2010 (the “Supplemental Agreement”) which provides that Kingbox would pay to Ms. Yung upon her termination of employment a remunerative payment which equaled her annual salary income multiplied by two years (the total amount should not exceed 28 months’ salary). Ms. Yung had made a claim against Kingbox for arrears of wages and the remunerative payment under the Supplemental Agreement after her resignation. On 17 August 2011, Kingbox, as plaintiff, commenced a legal proceeding in the High Court against Ms. Yung, as defendant, in respect of the Supplemental Agreement.

Both Kingbox and Ms. Yung agreed for mediation. The first joint mediation session was held on 30 April 2012 but ended on 7 May 2012, as Kingbox and Ms. Yung were not able to reach an agreement to settle the dispute.

Each party is preparing relevant documents and affirmations for court submissions and the hearing of the second Case Management Conference is currently scheduled to be held on 30 January 2013.

- (g) A subsidiary of the Company against Lucky Belt Holdings Limited (“Lucky Belt”), Mr. Shek Hiu Hung (Mr. Shek), BG Global Gaming Limited (“BG Global”), Winning Beauty Investments Limited (“Winning Beauty”) and Mr. Leung Chung Yuen Ronald (“Mr. Leung”)

On 11 May 2012, Lucky Zone Holdings Limited, a subsidiary of the Company issued three writs of summons in the High Court, respectively against Lucky Belt, Mr. Shek, BG Global, Winning Beauty and Mr. Leung (collectively referred to as the “Defendants”) in respect of the convertible notes and deposit paid for software development and license agreement (Bingo) relating to sums of USD3.0 million and USD2.5 million for the convertible notes; and HK\$15 million for the deposit, together with the related interests, costs and further and/or other relief.

Acknowledgements of Service of Writ of Summons were filed by all Defendants on 25 May 2012 and 7 June 2012 respectively. Defendants acknowledged services and defense statements filed. The call hearing of the application for summary judgement has been fixed on 29 January 2013.

The Company will issue further announcements to update the status of the above outstanding litigations when appropriate.

## 9. EXPERT AND CONSENT

The following is the name and qualification of the expert who has given opinion or advice which is contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
ANDA CPA Limited	Certified Public Accountants

ANDA CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and reference to its name in the form and context in which its respectively appears.

As at the Latest Practicable Date, ANDA CPA Limited did not have any shareholding in any member of the Group, or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either direct or indirect, in any assets which had been since 31 March 2012 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.



**10. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION**

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Unit 3503B-5, 35th Floor 148 Electric Road North Point Hong Kong
<b>Company secretary</b>	Ms. Cheung Pui Ki Gloria
<b>Authorised representatives</b>	Mr. Sneah Kar Loon & Mr. Ng Kwok Lun
<b>Auditor</b>	ANDA CPA Limited Unit D, 21/F Max Share Centre 373 King's Road North Point Hong Kong
<b>Underwriter</b>	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street, Central Hong Kong
<b>Legal advisor as to Hong Kong Law</b>	Michael Li & Co. 19/F., Prosperity Tower No. 39, Queen's Road Central Central, Hong Kong
<b>Legal adviser as to Bermuda Law</b>	Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong

<b>Principal bankers</b>	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong
	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Secretaries Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

## 11. PARTICULAR OF THE DIRECTORS

### Executive Directors

**SNEAH Kar Loon**, aged 55, joined the Group in April 2011 as chairman of the Board. Mr Sneah was the chief financial officer of the Company from May 2007 to July 2007, the business development executive of the Company from July 2007 to October 2007, and the chief executive officer of the Company from November 2007 to November 2008. Mr Sneah had a bachelor's degree in Asian studies from Lawrence University, Wisconsin, the United States of America, and a master's degree in international management from the American Graduate School of International Management, Arizona, the United States of America. He had held senior management positions in a global financial institution, and had over 20 years of experience in investment banking, corporate finance, and private venture capital business.

**NG Kwok Lun**, aged 53, joined the Group in April 2011. 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.

### Independent non-executive Directors

**LAI Hock Meng**, aged 56, joined the Group in 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. He is the chairman of the audit committee of the Company.

**BALAKRISHNAN Narayanan**, aged 57, joined the Group in 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. He is a member of the audit committee, remuneration committee and the nomination committee of the Company.

**IO Rudy Cheok Kei**, aged 51, joined the Group in April 2011. Mr Io was the chief financial officer of the Company from July 2007 to March 2008. He is currently a corporate consultant in corporate strategy, restructuring, mergers and acquisitions and direct investment in China. Mr Io is a member of the Canadian Institute of Chartered Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor's degree in administrative studies from York University, Toronto, Canada and a master's degree in business (information technology) from Curtin University of Technology, Australia. He is a member of the audit committee and the chairman of the remuneration committee and nomination committee of the Company.

**YONG Peng Tak**, aged 44, joined the Group in April 2011. Mr Yong holds a bachelor's degree in accountancy from the National University of Singapore and a master's degree in business administration from the Imperial College, University of London. Mr Yong is also a chartered financial analyst with the CFA Institute in the United States of America and a certified public accountant with the Institute of Certified Public Accountants of Singapore. Mr Yong is currently the chief executive officer of Fortress Capital Asset Management, a licensed fund management company in Malaysia. He has more than 20 years experience in various senior management positions in the financial advisory, corporate finance advisory and investment management industries. He is a member of the remuneration committee and nomination committee of the Company.

## **12. DOCUMENTS DELIVERED AND TO BE DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and Consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies

Ordinance. A copy of each of the Prospectus Documents will be filed with the Registrar of Companies in Bermuda in accordance with the requirements of the Companies Act 1981 of Bermuda.

### **13. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance, so far as applicable.

### **14. EXPENSES**

The expenses in connection with the Open Offer, including but not limited to the underwriting commission, financial, legal and other professional advisory fees, printing and translation expenses are estimated to be approximately HK\$1.3 million and will be payable by the Company.

### **15. MISCELLANEOUS**

In the event of inconsistency, the English text of the Open Offer Documents shall prevail over the Chinese text.

### **16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 3503B-5, 35th Floor, 148 Electric Road, North Point, Hong Kong during normal business hours from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:00 p.m. on any weekdays (except for Saturday and public holidays) for a period of 14 days from the date of this Prospectus.

- (i) the Prospectus Documents;
- (ii) the memorandum of association and bye-laws of the Company;
- (iii) annual reports of the Group for the two years ended 31 March 2011 and 2012;
- (iv) the material contracts referred to under the section headed “Material Contracts” in this appendix;
- (v) the report from ANDA CPA Limited on the unaudited pro forma financial information of the Group dated 9 November 2012, the text of which is set out in Appendix II to this Prospectus; and
- (vi) the written consent referred to the paragraph headed “Expert and Consent” in this Appendix.