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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in C Y Foundation Group Limited (“Company”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1182)**

**PROPOSED AMENDMENT TO THE BYE-LAWS  
PROPOSED APPOINTMENT OF NEW AUDITOR  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening a special general meeting (“SGM”) of the Company to be held at Boardroom, 1st Floor, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on 8 August 2011, Monday, at 10:00 am, to approve the proposal for amendment to the bye-laws and the proposal for appointment of new auditor is set out in this circular. If you are not able to attend the meeting, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

19 July 2011

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## CONTENTS

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	<i>Pages</i>
<b>Definitions . . . . .</b>	<b>1</b>
<b>Letter from the Board . . . . .</b>	<b>2</b>
<b>Notice of SGM . . . . .</b>	<b>5</b>

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## DEFINITIONS

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

“Anda”	ANDA CPA Limited
“Appointment of Auditor”	the proposed appointment of Anda as auditor of the Company to fill the casual vacancy following the retirement of Shinewing upon the approval by the Shareholders by an ordinary resolution at the SGM and to hold office until the conclusion of the next annual general meeting
“Board”	the board of Directors
“Bye-law(s)”	the bye-law(s) of the Company
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company except CHENG Chee Tock Theodore whose duty is currently suspended
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be held at Boardroom, 1st Floor, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on 8 August 2011, Monday at 10:00 am
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.001 each in the share capital of the Company
“Shinewing”	SHINEWING (HK) CPA Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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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*

SNEAH Kar Loon (*Chairman*)  
Dato LIM Kim Wah

*Non-executive Directors*

WOELM Samuel  
IO Rudy Cheok Kei  
NG Kwok Lun

*Independent Non-executive Directors*

LAI Hock Meng  
LAW Chiu William  
Dato MYHRE Carl Gunnar  
BALAKRISHNAN Narayanan  
YONG Peng Tak

*Duty Suspended Director*

CHENG Chee Tock Theodore

*Registered Office*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal Place of Business*

22/F  
200 Gloucester Road  
Wanchai  
Hong Kong

19 July 2011

*To Shareholders*

Dear Sir/Madam,

**PROPOSED AMENDMENT TO THE BYE-LAWS  
PROPOSED APPOINTMENT OF NEW AUDITOR  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the SGM for the approval of:

- (i) the proposed amendment to the Bye-laws; and
- (ii) the proposed Appointment of Auditor.

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## LETTER FROM THE BOARD

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### AMENDMENT TO THE BYE-LAWS

The Company intends to pass a special resolution to amend Bye-law 86(4) of the Bye-laws to the effect that a Director can be removed by an ordinary resolution (not a special resolution) of the Company. **The proposed amendment is to comply with Appendix 3 of the Listing Rules.**

Details of the proposed amendment, as marked for ease of reference, to the Bye-law is set out below:

**Bye-law 86(4)** Subject to any provision to the contrary in these Bye-laws the Members may, at any general meeting convened and held in accordance with these Bye-laws, by ~~special~~ ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.

### PROPOSED APPOINTMENT OF AUDITOR

The Board noted that Shinewing has retired as auditor of the Company in the annual general meeting held on 6 April 2011 and its re-appointment as auditor of the Company for the ensuing year was not passed in the said annual general meeting.

In this connection, the Board proposes to appoint Anda as auditor of the Company to fill the vacancy following the retirement of Shinewing and to hold office until the conclusion of the next annual general meeting of the Company, subject to the appointment being approved by the shareholders of the Company at the SGM to be convened pursuant to the Bye-law 157 of the Company.

### SGM

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

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

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors believe that the amendment to the Bye-laws and the Appointment of Auditor are in the interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

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

### GENERAL

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

On behalf of the Board  
**Sneah Kar Loon**  
*Chairman*

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## NOTICE OF SGM

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### C Y FOUNDATION GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1182)**

**NOTICE IS HEREBY GIVEN** that the Special General Meeting of C Y Foundation Group Limited (the “**Company**”) will be held at Boardroom, 1st Floor, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on 8 August 2011, Monday, at 10:00 am for the following purposes:

To consider and, if thought fit, to with or without amendments, the resolution No. 1 as special resolution and No. 2 as ordinary resolution:

#### **SPECIAL RESOLUTION**

1. **THAT** the existing Bye-laws of the Company be and are hereby amended by replacing the word “special” with “ordinary” in Bye-law 86(4).

#### **ORDINARY RESOLUTION**

2. **THAT** ANDA CPA Limited be and is hereby appointed as auditor of the Company to fill the casual vacancy following the retirement of SHINEWING (HK) CPA Limited and to hold office until the conclusion of the next annual general meeting and authorize the board of Directors to fix their remuneration.

On behalf of the Board  
**Sneah Kar Loon**  
*Chairman*

Hong Kong, 13 July 2011

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint proxy(ies) to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney authorized to sign the same.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered to the office of Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## NOTICE OF SGM

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5. In the case of joint holders of any share, any one of such joint holders may vote at the special general meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. Shareholders whose names appear on the register of members of the Company on 5 August 2011, Friday are entitled to attend and vote at the special general meeting.