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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

(1) APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR; (2) RE-DESIGNATION OF DIRECTOR; (3) CHANGE OF COMPOSITION OF THE BOARD COMMITTEES; AND (4) NOTICE OF RESIGNATION OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Board of the Company announces that with effect from 2 July 2014: (1) Mr. Er has been appointed as an INED; (2) Mr. Lai has been re-designated from INED to executive director; (3) Mr. Er will assume the roles of Mr. Lai in all the board committees of the Company; and (4) Mr. Balakrishnan has tendered his notice of resignation from executive director and chief executive officer of the Company to take effect on 31 July 2014.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY (“INED”)

The board of directors (the “**Board**”) of C Y Foundation Group Limited (the “**Company**”) announces that Mr. Er Kwong Wah (“**Mr. Er**”) has been appointed as an INED of the Company with effect from 2 July 2014.

Mr. Er, aged 68, obtained a first class honors degree in electrical engineering at the University of Toronto, Canada, in 1970 and a master degree in business administration from the Manchester Business School, University of Manchester in 1978. Mr. Er was a civil servant of the Republic of Singapore (“**Singapore**”) Government for 27 years and he had served in various ministries such as the Ministry of Defense, the Public Service Commission, Ministry of Finance, Ministry of Education and the Ministry of Community Development. He held Permanent Secretary of the Ministry of Education from 1987 to 1994 and of the Ministry of

Community Development until his retirement in 1998. As Permanent Secretary of Education, he was involved in the planning and development of three universities, four polytechnics, the Institute of Technical Education, numerous schools in Singapore and the Singapore International School in Hong Kong. Even after his retirement from the Singapore civil service, he was actively involved in the education sector as a governor of United World College of South East Asia, and a trustee of SIM University. Currently he is an International Adviser to Bhutan for the development of an education city, as well as a governor of Raffles Institution in Singapore and adviser of NPS International School, Singapore. At present, he holds the position of executive director, East Asia Institute of Management (also known as EASB), and chairs its examination board.

During his term in the Singapore Government Service, he held numerous additional appointments. These include Council Member of the National University of Singapore; Board Member of Singapore Polytechnic; Board Member of Ngee Ann Polytechnic; Council Member of National Institute of Education; Member, Board of Trustee, Institute of South East Asian Studies; Deputy Chairman of Singapore Sports Council; Board Director of Government linked companies, such as Sembcorp Marine Ltd, Singapore Power Pte Ltd, and Temasek Management Services Pte Ltd.

He was conferred the Public Administration Medal (Gold) by the Singapore Government and the Commandeur dans l'Ordre des Palmes Academiques by the Government of France in 1990 and 1991 respectively. He was also conferred the Public Service Medal (2004) and the Public Service Star (2009) by the Government of Singapore for his contributions in serving the community. In 2013, he was a recipient of the Service to Education Award from the Ministry of Education in Singapore.

Mr. Er was a director of various companies listed on the Singapore Exchange Securities Trading Limited (“**SGX**”) during the past 3 years: he was an independent director (“**ID**”) of Firstlink Investments Corporation Ltd (which was delisted on 25 November 2011), a lead ID of Hartawan Holdings Ltd, an INED of Thai Prime Fund Ltd. and a non-executive independent chairman of the board of Unidux Electronics Ltd.

As at the date of this announcement, Mr. Er is an ID of various companies listed on the SGX including COSCO Corporation (S) Ltd, CFM Holdings Ltd, China Essence Group Ltd, Eucon Holding Ltd, GKE Corporation Ltd, China Oilfield Technology Services Group Ltd and China Sky Chemical Fiber Co., Ltd (“**China Sky**”). He is currently a District Councilor in Central Singapore Community Development Council.

Mr. Er was an ID of China Sky from 2 August 2005 to 5 January 2012. On 16 November 2011, SGX issued a directive (“**Directive**”) to China Sky to appoint a special auditor to investigate certain affairs of China Sky relating to (i) erroneous disclosure in its announcement relating to the acquisition of land in Fujian; (ii) non-disclosure of an interested party transaction involving a former director of China Sky; and (iii) the absence of board approval for certain repairs and maintenance contracts (together the “**Subject Transactions**”). Notwithstanding the view of Mr. Er in complying with the Directive, China Sky objected and did not comply with the Directive and missed the deadline set by the regulatory body. On 16 December 2011, the board of directors of China Sky was publicly reprimanded by SGX for non-compliance with the Directive. As such, Mr. Er resigned from the board of China Sky on 5 January 2012 when he did not receive the full support of the board of China Sky to comply with the Directive. Mr. Er was reappointed on 13 September 2012 as an ID and Audit Committee Chairman of China Sky. On 25 October 2012 China Sky did comply with the Directive by appointing a special auditor to perform a special audit on the Subject Transactions. The findings by the special auditor were released on 19 June 2013 with recommendations, among other matters, to issue a clarification announcement and strengthen internal control. There is no allegation of any fraud or loss to China Sky and Mr. Er was not involved in the Subject Transactions nor was he mentioned to be responsible for the Subject Transactions whatsoever. Mr. Er has been instrumental in getting China Sky to comply with the listing rules and in the process of getting China Sky resumed for listing on SGX.

As at the date of this announcement, Mr. Er was not interested or deemed to be interested in any shares of the Company (“**Shares**”) within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“**SFO**”).

RE-DESIGNATION OF DIRECTOR

The Board also announces that Mr. LAI Hock Meng (“**Mr. Lai**”) has been re-designated from INED to executive director with effect from 2 July 2014.

Following the resignation of Mr. Balakrishnan from executive director and chief executive officer of the Company to take effect on 31 July 2014, Mr. Lai will take up his role as executive director and chief executive officer of the Company.

Mr. Lai, aged 58, joined the Company 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 SGX, including

China Energy Limited, China Essence Group Ltd., China Oilfield Technology Services Group Limited, Delong Holdings Limited, CFM Holdings Limited and ASTI Holdings Limited. He is also the non-executive director of PureCircle Limited, a company listed on the London Stock Exchange.

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

As at the date of this announcement, Mr. Lai was interested or deemed to be interested in 1,000,000 Shares and was interested in share option with the right to subscribe for 1,000,000 Shares within the meaning of Part XV of the SFO.

As at the date of this announcement, save as disclosed above, each of Mr. Er and Mr. Lai does not have, and is not deemed to have, any interests and 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). Save as disclosed and to the best knowledge and belief of the Board, having made all reasonable enquiries, Mr. Er and Mr. Lai do not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Er is entitled to receive a salary of HK\$200,000 per annum while Mr. Lai is entitled to receive a salary of HK\$1,560,000 per annum, together with other benefits as recommended by the Remuneration Committee of the Company and approved by the Board. Their remunerations are determined by the Board with reference to their duties and responsibilities with the Company and the prevailing market conditions. Each of Mr. Er and Mr. Lai has entered into service contracts with the Company. Mr. Lai’s contract is for a term of not more than 3 years. There is no specific length of directorship in Mr. Er’s contract. Both of them are subject to retirement by rotation and re-election at a general meeting in accordance with the bye-laws of the Company and the Corporate Governance Code set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Save as disclosed above, there is no other information relating to the appointment of Mr. Er and the re-designation of Mr. Lai that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any matters that need to be brought to the attention of the shareholders of the Company or the Stock Exchange.

CHANGE OF COMPOSITION OF BOARD COMMITTEES

Following the re-designation of Mr. Lai, his roles as the chairman and member of audit committee of the Company; and a member each of independent board committee of the Company, nomination committee of the Company and remuneration committee of the Company have been replaced and taken up by Mr. Er.

NOTICE OF RESIGNATION OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Board of the Company announces that Mr. BALAKRISHNAN Narayanan (“**Mr. Balakrishnan**”) has tendered his notice of resignation as an executive director and chief executive officer of the Company with effect from 31 July 2014 due to other personal commitments.

Mr. Balakrishnan confirmed that there is no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders of the Company or the Stock Exchange.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Balakrishnan for his valuable contributions to the Company during his tenure of office.

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

Hong Kong, 2 July 2014

As at the date of this announcement, the executive directors of the Company are Mr. SNEAH Kar Loon, Mr. BALAKRISHNAN Narayanan, Mr. LIN Zheyang and Mr. LAI Hock Meng, the independent non-executive directors are Mr. YONG Peng Tak, Mr. IO Rudy Cheok Kei, Mr. GOH Hoon Leum and Mr. ER Kwong Wah.