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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)

**GENERAL MANDATE TO REPURCHASE SHARES****RE-ELECTION OF THE RETIRING DIRECTORS****AND****NOTICE OF ANNUAL GENERAL MEETING**

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This circular, for which the directors of the Company (“Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange 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: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

A notice convening an annual general meeting (“AGM”) of the Company to be held at 11:00 am on 6 April 2011, Wednesday, to approve the general mandate to repurchase shares and the re-election of the retiring Directors 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.

18 March 2011

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Falcon Room II, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on 6 April 2011, Wednesday, at 11:00 am
“Board”	the board of Directors
“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)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	17 March 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate to repurchase its fully paid up shares
“SFO”	the Securities and Futures Ordinance
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of \$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollar(s)

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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*

CHENG Chee Tock Theodore (*Chairman*)

WOELM Samuel

WU Chuang John

CAO Dongxin

HO Chi Chung Joseph (*Acting CEO*)

YU Ping

ZHANG Yiwei

TANG Ming

HU Xichang

*Registered Office*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal Place of Business*

22/F

200 Gloucester Road

Wanchai

Hong Kong

*Independent Non-executive Directors*

WANG Shanchuan

NG Pui Lung

FUNG Pui Cheung Eugene

18 March 2011

*To Shareholders*

Dear Sir/Madam,

### **GENERAL MANDATE TO REPURCHASE SHARES**

### **RE-ELECTION OF THE RETIRING DIRECTORS**

**AND**

### **NOTICE OF ANNUAL GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information on the proposals:–

- (1) to grant to the Directors the Repurchase Mandate; and
- (2) to re-elect the retiring Directors.

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## LETTER FROM THE BOARD

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Pursuant to rule 10.06(1)(a)(iii) of the Listing Rules, the Repurchase Mandate has to be granted and approved by Shareholders by a specific or general approval. Each of the resolutions will be considered in the AGM.

On 4 March 2011, the Company received 2 requisitions from Luck Continent Limited, a substantial shareholder (as defined in the Listing Rules) of the Company to propose the following resolutions for Shareholders to consider in the AGM as ordinary resolutions:-

“THAT the maximum number of Directors be reduced to 12 or such number as may be determined by the Company at this general meeting pursuant to bye-law 86(6) of the Company with immediate effect and that the Directors shall not have the power to appoint additional Directors to the Board of the Company.”; and

“THAT one of the following audit firms as approved by Veda Capital Limited, subject to such firm’s acceptance of appointment or consent to be appointed as auditors and in accordance with the requirements of section 89(3A) of the Bermuda Companies Act 1981, be appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company at a fee to be agreed with Veda Capital Limited:

- (a) PricewaterhouseCoopers;
- (b) Deloitte Touche Tohmatsu;
- (c) KPMG;
- (d) Nelson Wheeler;
- (e) HLP Hodgson Impey Cheng; and
- (f) Grant Thornton.”

In respect of the resolution relating to nomination of auditors, the Company has obtained a legal advice from its Bermuda Lawyers in which the Company was advised that Luck Continent Limited can only ask the Board to agree the fee with Veda Capital Limited and Veda Capital Limited can only have an advisory role but the Board is not bound. Accordingly, the Bermuda Lawyers advised that the proposed resolution from Luck Continent Limited be revised as follows:

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## LETTER FROM THE BOARD

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“THAT one of the following audit firms, subject to such firm’s acceptance of appointment or consent to be appointed as auditors and in accordance with the requirements of section 89(3A) of the Bermuda Companies Act 1981, be appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company at a fee to be agreed with the Board with Veda Capital Limited acting as an advisor to the Board with regards to such fee:

- (a) PricewaterhouseCoopers;
- (b) Deloitte Touche Tohmatsu;
- (c) KPMG;
- (d) Nelson Wheeler;
- (e) HLP Hodgson Impey Cheng; and
- (f) Grant Thornton.”

If the above resolution is passed, the Board will be authorized to appoint one of the six mentioned audit firm (subject to such firm’s acceptance of appointment or consent to be appointed as auditors) as the auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company.

### **A. REPURCHASE MANDATE**

At the annual general meeting of the Company held on 31 July 2009, a general mandate was given by the Shareholders to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution. Under the Listing Rules, such general mandate will lapse at the conclusion of the AGM. The Board intends to seek the Shareholders’ approval on the grant to the Board a general mandate to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM.

This explanatory statement contains all the information in relation to the Repurchase Mandate required pursuant to the Listing Rules which is set out as follows:

#### **1. Reason for Share Repurchase**

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

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## LETTER FROM THE BOARD

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The exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital and gearing position of the Company as compared with that disclosed in its most recently published audited accounts as at 31 March 2010.

### 2. Share Capital

As at the Latest Practicable Date, the Company has 6,968,710,326 Shares in issue and issued share capital of \$6,968,710.33.

On that basis and assuming no further Shares will be issued prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 696,871,032 Shares representing share capital of \$696,871.03 being repurchased by the Company. Such Repurchase Mandate, if passed, will continue in force until the conclusion of the next annual general meeting of the Company following the passing of the resolution referred to herein or the revocation of the Repurchase Mandate by an ordinary resolution of the Shareholders.

### 3. Funding of Repurchase

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

### 4. Marketing Prices

Trading in the Shares on the Stock Exchange has been suspended from 9:30 am on 31 August 2010 to the Latest Practicable Date. The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest	Lowest
	\$	\$
<b>2010</b>		
April	0.190	0.134
May	0.161	0.089
June	0.113	0.085
July	0.116	0.069
August	0.146	0.090
September	—	—
October	—	—
November	—	—
December	—	—
<b>2011</b>		
January	—	—
February	—	—
March (up to the Latest Practicable Date)	—	—

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## LETTER FROM THE BOARD

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### 5. Share Repurchase Made by the Company

During the previous 6 months prior to the date of this circular, the Company had not repurchased, sold or redeemed any of the listed securities of the Company.

### 6. General

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

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

As at the Latest Practicable Date, pursuant to the latest disclosure of interests forms filed by the substantial Shareholders and the Directors, the substantial Shareholders and the Directors together with their associates collectively were beneficially interested in 5,015,146,983 Shares representing approximately 71.97% of the issued share capital of the Company. In the event that the Directors exercised the Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the AGM, the interest of the substantial Shareholders and the Directors, together with their associates, in the Company would be increased to approximately 79.96% of the issued share capital. However, the Directors have no intention to exercise the Repurchase Mandate to such extent that less than 25% of the issued share capital of the Company would be in public hands. As at the latest Practicable Date, pursuant to the latest disclosure of interests forms dated 4 August 2009 and 18 August 2010 filed by Mr Poh Po Lian and Mr Cheng Chee Tock Theodore respectively, Mr Poh Po Lian held 3,246,264,127 Shares, whereas Mr Cheng Chee Tock Theodore was deemed to be interested in 1,757,142,856 Shares, each of them holding an aggregate interest of 46.58% and 25.21% in the total issued share capital of the Company. In the event that the Directors exercise in full the Repurchase Mandate, the shareholding of the Company held by Mr Poh and Mr Cheng will increase to approximately 51.76% and 28.02% of the issued share capital of the Company respectively. Upon full exercise of the Repurchase Mandate, the shareholding of Mr Poh may give rise to an obligation to make a mandatory general offer under the Takeovers Code. However the Directors have no intention to exercise the Repurchase Mandate to the extent that it will trigger a mandatory general offer under the Takeovers Code. Save as disclosed above, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of repurchase made pursuant to the Repurchase Mandate should the Repurchase Mandate be exercised in full.

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

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



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## LETTER FROM THE BOARD

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### **B. RE-ELECTION OF THE RETIRING DIRECTORS**

The following Directors shall retire and, being eligible, offer themselves for re-election at the AGM:

1. All the independent non-executive Directors shall retire at the annual general meeting of the Company in each year in accordance with their terms of office of directorship;
2. Messrs Wu Chuang John and Cao Dongxin shall retire by rotation in accordance with section 87(1) of the Company's Bye-laws; and
3. Messrs Ho Chi Chung Joseph, Yu Ping, Zhang Yiwei, Tang Ming and Hu Xichang shall retire and offer themselves for re-election in accordance with section 86(2) of the Company's Bye-laws.

Particulars of retiring Directors proposed to be re-elected at the AGM are set out in Appendix of this circular.

### **AGM**

Notice of the AGM containing the proposed ordinary resolutions to approve, inter alia, the Repurchase Mandate and the re-election of the retiring Directors is set out in this circular for your consideration and approval.

A form of proxy for the AGM is enclosed with this circular. If you do not intend to be present at the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event 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 annual general meeting must be taken by poll. Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM and the Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

### **RECOMMENDATION**

The Directors believe that the Repurchase Mandate and the re-election of the retiring Directors are in the interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the AGM.

On behalf of the Board  
**Cheng Chee Tock Theodore**  
*Chairman*

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

**EXECUTIVE DIRECTORS****(1) Mr WU Chuang John**

- (a) Mr Wu, aged 61, is an executive Director.
- (b) Mr Wu graduated with a Bachelor Degree in Business Administration with emphasis in Accounting and a Master Degree in International Economics from the University of San Francisco.
- (c) Mr Wu has over 25 years experience in management and financing business in the United States, the PRC and Hong Kong.
- (d) Mr Wu is a non-executive director of Sino Strategic International Limited, a company listed on the Australian Stock Exchange, whose principal business is gaming, internet, mobile media, pharmaceutical and investment services. Saved as disclosed above, Mr Wu has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (e) There is a service agreement signed between the Company and Mr Wu. Mr Wu is subject to retirement and re-election in accordance with the bye-laws of the Company. Mr Wu is entitled to an annual director's fee of \$200,000 and other benefits otherwise to be fixed by the Board.
- (f) Mr Wu has no relationship with any other director or substantial shareholder of the Company.
- (g) As at the Latest Practicable Date, Mr Wu was interested or deemed to be interested in the 10,000,000 Shares within the meaning of Part XV of the SFO and was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(2) Mr CAO Dongxin**

- (a) Mr Cao, aged 60, is an executive Director.
- (b) Mr Cao graduated from the Politics stream of Shijiazhuang Senior Troops College of the People's Liberation Army of China. He had many years of participation in various divisions of the Communist Youth League of China. Currently, Mr Cao is an officer of Network Movie Centre of the Communist Youth League of China. He is also holding senior positions in various organizations and investment vehicles of the Communist Youth League of China, as well as the managing director and legal representative of C Y Foundation Culture Company Limited ("CYF Culture"), an 80.2% variable interest entity of the Company established in the PRC.

- (c) Mr Cao has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a service agreement signed between the Company and Mr Cao. Mr Cao is subject to retirement and re-election in accordance with the bye-laws of the Company. Mr Cao is entitled to an annual director's fee of \$200,000 and other benefits otherwise to be fixed by the Board.
- (e) Mr Cao has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Cao was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(3) Mr HO Chi Chung Joseph**

- (a) Mr Ho, aged 59, is an executive Director and a member of the investment committee of the Company. He is also the acting CEO of the Company.
- (b) Mr Ho holds a Bachelor of Science Degree in Chemistry and a Master of Business Administration in Finance & Marketing from University of California Berkeley USA. He is also a Canadian Chartered Accountant since 1979. Prior to joining the Company, Mr Ho held senior management positions in many major international consumer brands and multinational companies with both business development and general management experiences across Asia (including the PRC and Hong Kong) and North America for over 30 years.
- (c) Mr Ho has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Ho. Mr Ho is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Ho is entitled to an annual emolument of \$1,512,000 and other benefits otherwise to be fixed by the Board.
- (e) Mr Ho has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Ho was interested or deemed to be interested in the 600,000 Shares within the meaning of Part XV of the SFO and was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(4) Mr YU Ping**

- (a) Mr Yu, aged 58, is an executive Director.
- (b) Mr Yu obtained a Bachelor's Degree from the China Central Radio and TV University with a major in statistics. Mr Yu has more than 19 years' of experience in managerial positions in various corporations and political and other organizations. He is currently the Secretary General in the Esports Working Committee of the China Youth Internet Association and International E-sports Festival Chinese Executive Committee.

- (c) Mr Yu has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Yu. Mr Yu is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Yu is entitled to an annual emolument of \$719,500 and other benefits otherwise to be fixed by the Board.
- (e) Mr Yu has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Yu was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(5) Mr ZHANG Yiwei**

- (a) Mr Zhang, aged 55, is an executive Director and an Executive Vice President of the Company.
- (b) Mr Zhang received a Master of Business Administration Degree from Shanghai Jiao Tong University. He has extensive experience in the operation and management of investment projects. He is exceptionally experienced in the investment and operation in the industry of internet and mobile communications and their ancillary services. Mr Zhang has over 19 years' of experience in senior positions in companies listed in Hong Kong and elsewhere, during which he managed and engaged in numerous investment and merger and acquisition activities.
- (c) Mr Zhang has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Zhang. Mr Zhang is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Zhang is entitled to an annual emolument of \$754,000 and other benefits otherwise to be fixed by the Board.
- (e) Mr Zhang has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Zhang was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(6) Mr TANG Ming**

- (a) Mr Tang, aged 37, is an executive Director and a member of the investment committee of the Company.
- (b) Mr Tang received a Bachelor's Degree from the Central University of Finance and Economics in the PRC, a joint Master of Business Administration Degree from ESERP Escuela Universitaria in Spain & ESICAD Business School in France, and a Master Degree in Financial Engineering from Claremont Graduate University in the United States. He has more than 10 years' of working experience in the financial industry. He has held many senior positions in a PRC investment bank, US banks and US venture capital firm, responsible mostly for project analysis, evaluation and investment decisions.
- (c) Mr Tang has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Tang. Mr Tang is appointed for a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Tang is entitled to an annual emolument of \$850,000 and other benefits otherwise to be fixed by the Board.
- (e) Mr Tang has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Tang was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(7) Mr HU Xichang**

- (a) Mr Hu, aged 31, is an executive Director and the General Manager of C Y Investment Consultancy (Wuxi) Limited, an indirect wholly-owned subsidiary of the Company in Wuxi.
- (b) Mr Hu obtained an Executive Master of Business Administration Degree from AnTai Economics and Management College of Shanghai Jiaotong University. He has over 9 years' experience in a number of fields including publishing, event organizing and trade. Prior to joining the Company, Mr Hu held senior positions in newspaper publishing companies and he founded a trading company in Wuxi.
- (c) Mr Hu has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Hu. Mr Hu is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Hu is entitled to an annual emolument of \$422,800 and other benefits otherwise to be fixed by the Board.
- (e) Mr Hu has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Hu was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**INDEPENDENT NON-EXECUTIVE DIRECTORS****(8) Mr WANG Shanchuan**

- (a) Mr Wang, aged 65, is an independent non-executive Director, the chairman of the audit committee of the Company and a member of each of the remuneration committee and the investment committee of the Company.
- (b) Mr Wang holds a Bachelor Degree in English from Foreign Languages Institute of People's Liberation Army. He had served various commissions of the State Council, including as the director-general of Foreign Affairs Bureau of the State-owned Assets Supervision and Administration Commission, and the Deputy Director-general of Foreign Affairs Department of State Economic and Trade Commission.
- (c) Mr Wang has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Wang. Mr Wang is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Wang is entitled to an annual director's fee of \$200,000, which is fixed with reference to the prevailing market rate.
- (e) Mr Wang has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Wang was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(9) Mr NG Pui Lung**

- (a) Mr Ng, aged 32, is an independent non-executive Director and is a member of each of the audit committee and the investment committee of the Company.
- (b) Mr Ng obtained his Bachelor's Degree in Computer Science from the State University of California at Hayward in 2004. He qualified the Certificate of Hong Kong Securities Institute on Shares, FX and Futures respectively in 2008 and obtained the Hong Kong Securities Institute Practicing Certificate – Securities and Hong Kong Securities Institute Practicing Certificate – Derivatives. He also holds the Estate Agent's Licence. Mr Ng has been acting as a financial consultant of equity securities, commodity and property since March 2008. Mr Ng has more than 7 years of experience in the management and the human resources management fields with a good understanding of Asia and United States markets and cultures. He is currently a director of Hung Property Limited, a local private property agency which is mainly engaged in real estates sales and wealth consultancy.
- (c) Mr Ng has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.

- (d) There is a letter of appointment signed between the Company and Mr Ng. Mr Ng is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Ng is entitled to an annual director's fee of \$200,000, which is fixed with reference to the prevailing market rate.
- (e) Mr Ng has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Ng was interested or deemed to be interested in the 1,140,000 Shares within the meaning of Part XV of the SFO and was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

**(10) Mr FUNG Pui Cheung Eugene**

- (a) Mr Fung, aged 62, is an independent non-executive Director and is a member of each of the audit committee and the remuneration committee of the Company.
- (b) Mr Fung holds a Master of Arts Degree from Antioch University of USA. Mr Fung is a Certified Public Accountant, a fellow member of Hong Kong Institute of Certified Public Accountants, a member of The Institute of Chartered Accountants in England & Wales as well as The Certified General Accountant's Association of Canada. He is presently a director of Pan-China (HK) CPA Limited and practising as a sole proprietor in the name of P.C. Fung & Company, Certified Public Accountants. He has previously served in senior and managerial positions in large local and international accounting firms. Mr Fung is currently a Standing Committee member of Democratic Alliance for Betterment and Progress of Hong Kong, a Standing Committee member of the Jiangxi Provincial Overseas Liaison Association and a member of the Financial Reporting Review Panel under the Financial Reporting Council and a member of the IRD Users Committee.
- (c) Mr Fung is an independent non-executive director of Vantage International (Holdings) Limited and China Liansu Group Holdings Limited, both of which are listed on the main board of the Stock Exchange. Save as disclosed above, Mr Fung has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) There is a letter of appointment signed between the Company and Mr Fung. Mr Fung is appointed on a one-year term basis and is subject to retirement and re-election at every annual general meeting of the Company. Mr Fung is entitled to an annual director's fee of \$200,000, which is fixed with reference to the prevailing market rate.
- (e) Mr Fung has no relationship with any other director or substantial shareholder of the Company.
- (f) As at the Latest Practicable Date, Mr Fung was not interested or deemed to be interested in any underlying shares in the Company within the meaning of Part XV of the SFO.

The Board is not aware of any matter in relation to any of the above Directors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matter that needs to be brought to the attention of shareholders of the Company.

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## NOTICE OF AGM

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### **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1182)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of C Y Foundation Group Limited (“Company”) will be held at Falcon Room II, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on 6 April 2011, Wednesday, at 11:00 am for the following purposes:

1. To receive and consider the consolidated financial statements, the directors’ report and the auditor’s report of the Company for the year ended 31 March 2010.
2. To re-elect the retiring directors of the Company (“Directors”) for the ensuing year.
3. To determine the maximum number of Directors be reduced to 12 or such number as may be determined by the Company at this general meeting pursuant to bye-law 86(6) of the Company with immediate effect and that the Directors shall not have the power to appoint additional Directors to the Board of the Company.
4. To determine 12 as the maximum number of Directors, to authorize the Directors to appoint the Directors up to the maximum number and to authorize the Board to fix the Directors’ remuneration.
5. To resolve that one of the following audit firms, subject to such firm’s acceptance of appointment or consent to be appointed as auditors and in accordance with the requirements of section 89(3A) of the Bermuda Companies Act 1981, be appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company at a fee to be agreed with the Board with Veda Capital Limited acting as an advisor to the Board with regards to such fee:
  - (a) PricewaterhouseCoopers;
  - (b) Deloitte Touche Tohmatsu;
  - (c) KPMG;
  - (d) Nelson Wheeler;
  - (e) HLP Hodgson Impey Cheng; and
  - (f) Grant Thornton.
6. To re-appoint SHINEWING (HK) CPA Limited as auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.



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7. To consider and, if thought fit, to pass the following resolutions, with or without amendments, as ordinary resolutions:

(A) **THAT**

- (a) subject to paragraph A(c), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph A(a) shall authorise the Directors during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph A(a), otherwise than pursuant to a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to participants of the Company, its subsidiaries, and its ultimate holding company (if any) which is also listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and its subsidiaries, of shares or right to acquire shares in the Company shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

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

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

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

**(B) THAT**

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

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

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

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

By order of the Board  
**CHEUNG Chin Wa Angus**  
*Company Secretary*

Hong Kong, 15 March 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. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company in Hong Kong at 22nd Floor, 200 Gloucester Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The biographical details of all retiring Directors proposed to be re-elected at the forthcoming annual general meeting, are provided in this circular.