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## **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1182)**

### **ANNOUNCEMENT**

The Company wishes to clarify that it has come to the attention of the Board that two members of senior management of the Company are involved in the Investigation and ICAC had conducted search at the office of the Company. During the above search, certain records and documents in the possession of the Group were seized by the officers of ICAC in relation to the Investigation being undertaken by ICAC. The Company requires additional time to collect information and understand the Allegations and the Investigation before it could be able to update its shareholders and the public investors in respect of the Allegations.

In view of the Allegations and Investigation, the Board authorized the Audit Committee to consider reviewing accounts of the Company. In light of the fact that there is a possibility that the annual audited accounts of the Company for the financial year ended 31 March 2010 may be subject to review by an independent professional firm, and such annual accounts shall be laid before the annual general meeting for approval by the shareholders of the Company, the Board considers that the annual general meeting for the year ended 31 March 2010 should be postponed.

Further announcement will be made by the Company if it is aware of any material development in respect of the Allegations and/or the Investigation or if there is any decision made by the Audit Committee on the conduct of the Independent Review.

Reference is made to an announcement of C Y Foundation Group Limited (“Company”, together with its subsidiaries, “Group”) dated 31 August 2010. At the request of the Company, trading in the Company’s shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) has been suspended from 9:30 a.m. on 31 August 2010.

## **PRESS ARTICLES RELATING TO THE COMPANY**

The Company refers to certain press articles published recently in which it was stated, inter alia, that two members of senior management, two former employees and one financial advisor of the Company were involved in an investigation (“Investigation”) conducted by the Independent Commission Against Corruption (“ICAC”).

The Company wishes to clarify that it has come to the attention of the board of directors of the Company (“Board”) that two members of senior management of the Company are involved in the Investigation and ICAC had conducted search at the office of the Company. During the above search, certain records and documents in the possession of the Group were seized by the officers of ICAC in relation to the Investigation being undertaken by ICAC. Letters had been sent to two members of senior management of the Company seeking clarification on allegations reported in certain newspaper articles (“Allegations”) and the Investigation.

The Company requires additional time to collect information and to understand the Allegations and the Investigation before it could be able to update its shareholders and the public investors in respect of the Allegations.

## **POSTPONEMENT OF ANNUAL GENERAL MEETING**

Reference is made to Rule 13.46(2)(b) of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), pursuant to which, the Company shall make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting. The Company has dispatched its annual report containing its annual accounts for the financial year ended 31 March 2010 to its shareholders.

In view of the Allegations and the Investigation, the audit committee comprising the independent non-executive directors of the Company (“Audit Committee”) held a meeting on 10 September 2010 during which, the Allegations and the Investigation were discussed among members of the Audit Committee. The Audit Committee has made a recommendation to the Board to consider the engagement of an independent professional firm for reviewing the accounts of the Company including but not limited to the accounts for the financial year ended 31 March 2010. On the even date, a meeting of the Board was also held to consider the recommendation by the Audit Committee. During the meeting of the Board, authorization was given to the Audit Committee to consult professional advisers as to whether engagement of an independent professional firm for reviewing the accounts of the Company (“Independent Review”) is required, and if required, to determine the scope of the Independent Review and the selection of professional firm for the Independent Review.

In view of the fact that there is a possibility that the annual audited accounts of the Company for the financial year ended 31 March 2010 may be subject to review by an independent professional firm, and such annual accounts shall be laid before the annual general meeting for approval by the shareholders of the Company, the Board considers that the annual general meeting for the year ended 31 March 2010 should be postponed.

Further announcement will be made by the Company if it is aware of any material development in respect of the Allegations and/or the Investigation or if there is any decision made by the Audit Committee on the conduct of the Independent Review.

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 31 August 2010 and will remain suspended until further notice.

On behalf of the Board  
**Woelm Samuel**  
*Executive Director*

Hong Kong, 13 September 2010

*As at the date hereof, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Mr WOELM Samuel, Mr WU Chuang John, Mr CAO Dongxin, Mr HO Chi Chung Joseph, Mr YU Ping, Mr ZHANG Yiwei, Mr TANG Ming and Mr HU Xichang; and the independent non-executive directors are Mr WANG Shanchuan, Mr NG Pui Lung and Mr FUNG Pui Cheung Eugene.*