



**TEEM FOUNDATION GROUP LTD.**  
**( 浩基集團有限公司 )\***  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 628)

**MEMORANDUM OF UNDERSTANDING**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board announces that on 18 July 2007 (after trading hours), Team Jade, a wholly-owned subsidiary of the Company, entered into the MOU with Power Rush in relation to the Possible Acquisition.

Under the MOU, the parties have agreed to use their best endeavours to negotiate in good faith for entering into the Formal Agreement in respect of the Possible Acquisition as soon as practicable, and in any event on or before 16 August 2007 or such other date as the parties may agree.

Pursuant to the MOU, the percentage of the issued share capital of Triple Gain to be acquired by Team Jade and the consideration for the Possible Acquisition shall be subject to further negotiation between the parties thereto. The consideration may be payable by Team Jade in cash and/or by procuring the Company to allot and issue shares in the capital of the Company and/or to issue convertible notes and/or promissory notes or a combination of any of the above.

Following the entering into of the MOU, Team Jade will be allowed to carry out a due diligence review on the assets, liabilities, operations and affairs of Triple Gain.

In consideration of the expenses to be incurred by Team Jade in the negotiation of the MOU and in conducting its due diligence review on Triple Gain, Power Rush has agreed under the MOU that it will not and will procure Triple Gain and its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period from the date of the MOU up to the Relevant Date: (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, or (iv) permit or cause to be conducted any review of the assets, liabilities, operations and affairs of Triple Gain by any person or entity other than Team Jade with respect to the sale or other disposition of any equity interest in Triple Gain. If Power Rush receives any such inquiry or offer, Power Rush and/or Triple Gain shall promptly notify Team Jade.

**The Directors wish to emphasize that the provision in the MOU for the Possible Acquisition is not legally binding and the transactions contemplated under the MOU may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event the Formal Agreement has been signed.**

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**MOU**  
Date: 18 July 2007 (after trading hours)

**Parties:** (i) Team Jade, a wholly-owned subsidiary of the Company; and  
(ii) Power Rush

Power Rush is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

To the best of the Directors' knowledge, Power Rush and its ultimate beneficial owners are not connected persons of the Company and are independent third parties not connected with the Company and its connected persons.

**Major terms of the MOU**

Under the MOU, the parties have agreed to use their best endeavours to negotiate in good faith for entering into the Formal Agreement in respect of the Possible Acquisition as soon as practicable, and in any event on or before 16 August 2007 or such other date as the parties may agree (the **"Relevant Date"**).

Pursuant to the MOU, the percentage of the issued share capital of Triple Gain to be acquired by Team Jade and the consideration for the Possible Acquisition shall be subject to further negotiation between the parties thereto. The consideration may be payable by Team Jade in cash and/or by procuring the Company to allot and issue shares in the capital of the Company and/or to issue convertible notes and/or promissory notes or a combination of any of the above.

Following the entering into of the MOU, Team Jade will be allowed to carry out a due diligence review on the assets, liabilities, operations and affairs of Triple Gain.

In consideration of the expenses to be incurred by Team Jade in the negotiation of the MOU and in conducting its due diligence review on Triple Gain, Power Rush has agreed under the MOU that it will not and will procure Triple Gain and its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period from the date of the MOU up to the Relevant Date: (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, or (iv) permit or cause to be conducted any review of the assets, liabilities, operations and affairs of Triple Gain by any person or entity other than Team Jade with respect to the sale or other disposition of any equity interest in Triple Gain. If Power Rush receives any such inquiry or offer, Power Rush and Triple Gain shall promptly notify Team Jade (the **"Exclusivity Right"**).

**Information on Triple Gain**

Triple Gain is an investment holding company incorporated in the British Virgin Islands. Its main asset is its interest in the profit stream calculated at a percentage of the rolling turnover generated or to be generated by a junket and/or its customers at the VIP room(s) of a hotel located on the Cotai Strip in Macau.

**Reasons for entering into the MOU**

The Group has been looking for further investment opportunities in order to maximise the return of the Shareholders. Since Team Jade is given the Exclusivity Right under the MOU from the date of the MOU to the Relevant Date, the Group may during the said period conduct a due diligence review on Triple Gain and consider the viability of the Possible Acquisition. As the gaming activities in Macau are prospering and the Possible Acquisition involves investment relating to gaming activities in Macau, it is expected that the Possible Acquisition will be a good opportunity for the Group to generate additional income in the future. Moreover, the Possible Acquisition, if materialised, may diversify the source of profit that the Company can share and reduce the Company's reliance on the profit sourced from the rolling turnover generated by Sat Ieng Sociedade Unipessoal Limitada and Dore Entretenimento Sociedade Unipessoal Limitada in the relevant casinos in Macau.

**General**

If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or shareholders' approval requirements under the Listing Rules.

**The Directors wish to emphasize that the provision in the MOU for the Possible Acquisition is not legally binding and the transactions contemplated under the MOU may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event the Formal Agreement has been signed.**

DEFINITIONS	
In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:	
"Board"	the board of Directors
"Company"	Teem Foundation Group Ltd., a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"Formal Agreement"	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Triple Gain"	Triple Gain Group Limited, a company incorporated in the British Virgin Islands and wholly-owned by Power Rush
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"MOU"	the memorandum of understanding dated 18 July 2007 entered into between Team Jade, a wholly-owned subsidiary of the Company, and Power Rush, an independent third party setting out the preliminary understanding in relation to the Possible Acquisition
"Possible Acquisition"	the possible acquisition by the Group of certain percentage of the issued share capital of Triple Gain
"Power Rush"	Power Rush Holdings Limited, a company incorporated in the British Virgin Islands and the vendor in the Possible Acquisition
"Shareholder(s)"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Team Jade"	Team Jade Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, the purchaser under the MOU
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**Teem Foundation Group Ltd.**  
**Lum Chor Wah, Richard**  
Chairman

Hong Kong, 18 July 2007

As at the date of this announcement, the Board comprises Mr. Lum Chor Wah, Richard, Mr. Pun Yuen Sang and Mr. Tang Hin Keung, Alfred who are executive Directors; Mr. Leung Chi Hung, Mr. Tsui Robert Che Kwong and Mr. Cheung Johnny Yim Kong who are independent non-executive Directors.

\* For identification purpose only