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TEEM FOUNDATION GROUP LTD.

浩基集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 628)

CANCELLATION OF PROPOSED CAPITAL REDUCTION

Reference is made to the announcement (the “**Announcement**”) of the Company dated 8 June 2007 in respect of, among other things, the Capital Reduction and the result announcement of the Company dated 22 June 2007. Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board announces that it intends to cancel the proposal of the Capital Reduction. As at the date of the Announcement, the then latest unaudited financial statements of the Company showed that the Company had accumulated losses of HK\$26,727,000 as at 30 September 2006 (the “**Accumulated Loss**”). However, according to the audited results of the Group for the year ended 31 March 2007, the Company no longer has any accumulated loss but retained earnings. It is therefore no longer necessary for the Company to carry out Capital Reduction to set off the Accumulated Loss, which is the original purpose of the Capital Reduction.

However, the proposed change of name of the Company as announced in the Announcement will remain unchanged. A circular containing, among other things, further details about the proposed change of name and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

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

Hong Kong, 25 June 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