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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)

PLACING OF EXISTING SHARES  
SUBSCRIPTION FOR NEW SHARES  
CONNECTED TRANSACTION  
RESUMPTION OF TRADING  
AND

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SECURITIES

On 14 February 2007, the Company, the Placing Agent and the Vendor entered into the Placing Agreement, pursuant to which the Placing Agent agreed to place, on a best efforts basis, up to an aggregate of 206,000,000 existing Shares at a price of HK\$1.525 per Share on behalf of the Vendor. On the same day, the Company entered into the Subscription Agreement with the Vendor for the subscription of up to an aggregate of 206,000,000 new Shares at the same price per Share.

Assuming all the Placing Shares are placed under the Placing Agreement, the Placing Shares represent approximately 30.65% of the existing issued share capital of the Company and approximately 23.46% of the issued share capital as enlarged by the Subscription. The total number of Placing Shares to be placed by the Vendor is up to 206,000,000 Shares. Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares which is equivalent to the number of Placing Shares comprising (i) the 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares on the 1st Tranche Completion Date and the 2nd Tranche Completion Date respectively.

Assuming all the Placing Shares are placed under the Placing Agreement, the net proceeds from the subscription of the 1st Tranche Subscription Shares and 2nd Tranche Subscription Shares are approximately HK\$200 million and HK\$107 million respectively. It is intended that if the Possible Acquisition eventuates, the entire proceeds will be used to fund the consideration for the Possible Acquisition. Otherwise, the entire proceeds will be used for general working capital of the Group.

As the subscription for the 2nd Tranche Subscription Shares constitutes a connected transaction of the Company under Rule 14A.10(13)(g) of the Listing Rules and as the exemptions provided under Chapter 14A of the Listing Rules do not apply to such subscription, it is therefore subject to the reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company also proposes to refresh its general mandate subject to the approval of the Independent Shareholders.

The SGM will be convened to consider and, if deemed appropriate, approve the Connected Transaction and the proposed refreshment of general mandate. A circular containing particulars of the Connected Transaction and the proposed refreshment of general mandate, a letter of recommendation from the independent board committee to the Independent Shareholders, a letter of advice by an independent financial adviser to the independent board committee and the Independent Shareholders and a notice of the SGM to approve the Connected Transaction and the proposed refreshment of general mandate will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

At the request of the Company, trading of Shares on the Stock Exchange was suspended from 11:06 a.m. on 14 February, 2007 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading of Shares on the Stock Exchange from 9:30 a.m. on Thursday, 15 February, 2007.

PLACING AGREEMENT DATED 14 FEBRUARY 2007

**Vendor:**  
Smart Town Holdings Limited

**Placing Agent:**  
Bear Stearns Asia Limited, which is and whose beneficial owners are not connected persons and are independent of the Company and its connected persons. The placing commission is 1.5% of the aggregate Placing Price of the Placing Shares, which was determined after arm's length negotiation, and the net placing price is HK\$1.4925 per Placing Share.

**Number of existing Shares to be placed:**  
The total number of Placing Shares to be placed by the Vendor is up to 206,000,000 Shares on a best efforts basis. Assuming all the Placing Shares are placed under the Placing Agreement, the Placing Shares represent approximately 30.65% of the existing issued share capital of the Company and approximately 23.46% of the issued share capital of the Company as enlarged by the Subscription.

**Placement to:**  
More than six professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated under the Placing Agreement.

Pursuant to the Placing Agreement, the Placing Agent shall ensure that it receives a confirmation from each Placee that it is independent of the directors, chief executive and substantial shareholders of the Company or its subsidiaries or their respective associates, and that it is not acting in concert (as defined under the Code) with the Vendor and its concert parties in relation to the control of the Company.

**Placing Price:**  
HK\$1.525 per Placing Share, which is equivalent to the Subscription Price. Assuming all the Placing Shares are placed under the Placing Agreement, the aggregate value of the Placing is HK\$314,150,000. This Placing Price was agreed after arm's length negotiations and represents (i) a discount of approximately 15.28% to the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on 13 February, 2007, being the last trading day of the Shares immediately before and including the date of this announcement; (ii) a discount of approximately 13.25% to the average closing price of approximately HK\$1.758 per Share as quoted on the Stock Exchange for the last five trading days ended 14 February, 2007 and (iii) a discount of approximately 3.05% to the average closing price of approximately HK\$1.573 per Share as quoted on the Stock Exchange for the last 30 trading days ended 14 February, 2007.

**Rights:**  
The Placing Shares were sold free from any liens, charges, encumbrances, claims, options or third-party rights and together with all rights attaching thereto at the date of the Placing Agreement.

- Lock-up:**
- (a) The Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing Agreement) from the date of the Placing Agreement and on or prior to the date being six months after the date of the Placing Agreement it will not and will procure that none of its nominees and companies controlled by it (whether individually or together and whether directly or indirectly) will (without the prior written consent of the Placing Agent) (i) offer, issue, sell, contract to sell, sell any contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.
  - (b) The Company has undertaken to the Placing Agent that (except for (i) the Subscription Shares to be allotted and issued under the Subscription Agreement; (ii) any Shares or other securities or rights issued or granted to Shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with its bye-laws or on the exercise of any rights existing at the date of the Placing Agreement; (iii) any new Shares issuable upon the bondholder exercising the conversion right under the 5 per cent. 10-year convertible bond of a face value of HK\$134.4 million issued by the Company on 4 January 2007; (iv) any new Shares or any securities or instruments convertible or exercisable or exchangeable into Shares which the Company may agree to issue and allot as consideration under the formal sale and purchase agreement regarding the Possible Acquisition; and (v) any Shares to be allotted and issued upon exercise of options granted by the Company under the share option scheme adopted by the Company on 6 July 2002) from the date of the Placing Agreement and on and prior to the date being six months after the date of the Placing Agreement it will not (without the prior written consent of the Placing Agent) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

The obligation of the Placing Agent to proceed to Completion is conditional upon the following conditions:

- (a) the Subscription Agreement having been entered into by the parties to that agreement and not subsequently having been revoked, terminated or modified;
- (b) dealings in the Shares on the Stock Exchange resuming (following suspension on 14 February 2007) no later than 23 February 2007 and, subsequent thereto, listing of or dealings in any of the Shares on the Stock Exchange not having been suspended at any time prior to Completion (other than as a result of clearing this announcement);

\* For identification purpose only

- (c) there not having come to the attention of the Placing Agent at any time prior to Completion (i) any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties or undertakings given by the Company and the Vendor under the Placing Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company or the Vendor which are required to be performed at or before Completion;
- (d) there not having occurred and come to the attention of the Placing Agent at any time prior to Completion (i) any suspension or limitation of trading in securities generally on the Stock Exchange or the New York Stock Exchange or the establishment of minimum prices on the Stock Exchange or the New York Stock Exchange or (ii) the declaration of a banking moratorium in Hong Kong or by Federal or New York State authorities in the United States (iii) any change in local or international financial, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls including, without limitation, any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis or (iv) any adverse announcement, determination or ruling of any governmental or other regulatory body (including delay in approval of this announcement or any other relevant announcement by any relevant stock exchange), which (or the effect of which) would (in any case mentioned in (ii), (iii) or (iv) above), in the sole judgment of the Placing Agent, make it impracticable or inadvisable to proceed with the Placing; and
- (e) there not having occurred (i) any event, or series of events, beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism and acts of God) or (ii) any material adverse change, or development (including, without limitation, the introduction of any new law or regulation or change in existing laws or regulations (or the judicial interpretation thereof) or any other similar event) (whether or not permanent) involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company or the Group as a whole, whether or not arising in the ordinary course of business, which, in the sole judgment of the Placing Agent, make it impracticable or inadvisable to proceed with the Placing.

The above conditions may be waived by the Placing Agent.

**Completion of the Placing:**  
Expected to be on 21 February 2007 or such other date as agreed by the Vendor and the Placing Agent.

SUBSCRIPTION AGREEMENT DATED 14 FEBRUARY 2007

**Subscriber:**  
Smart Town, holding 30.79% of the total issued capital of the Company as at the date of this announcement, is a substantial shareholder of the Company as at the date of this announcement.

**Number of Subscription Shares:**  
The number of the Subscription Shares is equivalent to the number of Placing Shares comprising the 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares. The 1st Tranche Subscription Shares represent the lower of the actual number of Placing Shares placed under the Placing Agreement or 134,400,000 Shares, the latter of which represents 20% of the existing issued share capital of the Company and approximately 16.67% of the share capital as enlarged by the subscription of the 1st Tranche Subscription Shares assuming the actual number of Placing Shares placed under the Placing Agreement exceeds or equal to 134,400,000 Shares. Further, assuming all the Placing Shares are placed under the Placing Agreement, the 2nd Tranche Subscription Shares represent approximately 10.65% of the existing issued share capital of the Company and approximately 8.15% of the share capital as enlarged by the Subscription.

**Subscription Price:**  
HK\$1.525 per Subscription Share, which is equivalent to the Placing Price.

Pursuant to the Subscription Agreement, Smart Town agrees to subscribe as principal, and the Company agrees to issue to Smart Town or its nominee(s) the 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares at the Subscription Price on the 1st Tranche Completion Date and the 2nd Tranche Completion Date respectively on the terms and subject to the conditions set out in the Subscription Agreement.

Upon completion of the issue and allotment of the 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares (as the case may be), the Company shall reimburse the Subscriber the expenses properly incurred by it in connection with the Placing on a pro rata basis (including without limitation the fee payable to the Placing Agent, stamp duty, any SFC transaction levy, the Stock Exchange trading fee and special levy, printing and publishing costs and legal fees) after deducting, where applicable, interest accrued and received by the Subscriber (if any) on such part of the net proceeds of the Placing during the period between completion of the Placing and the 1st Tranche Completion Date or the 2nd Tranche Completion Date (as the case may be).

In the event that completion of the Placing Agreements does not occur in accordance with its terms, the Company shall reimburse the Subscriber any legal fees and out-of-pocket expenses which the Subscriber shall be obliged to pay in connection with the Placing.

**Rights:**  
The Subscription Shares will be issued and allotted free from all liens, charges, security interests, encumbrances and adverse claims on the 1st Tranche Completion Date and the 2nd Tranche Completion Date.

**General Mandate to issue the 1st Tranche Subscription Shares:**  
The 1st Tranche Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 25 August 2006.

Ranking of the Subscription Shares:

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue on the 1st Tranche Completion Date and the 2nd Tranche Completion Date (as the case may be) including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription:

- (i) Completion of the issue and allotment of the 1st Tranche Subscription Shares is conditional upon:

(a) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and

(b) the listing of and permission to deal in the 1st Tranche Subscription Shares being granted by the Listing Committee (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the 1st Tranche Subscription Shares).

(The above conditions (a) to (b) are collectively referred as the “Conditions”)

If the Conditions are not fulfilled on or prior to 13 days from the date of the Placing Agreement or such later date as may be agreed between the Company and the Subscriber and approved by the Stock Exchange, neither the Company nor Smart Town shall be obligated to proceed to completion of the issue and allotment of the 1st Tranche Subscription Shares. Further, if the Conditions are not fulfilled on or prior to 14 days from the date of the Placing Agreement and the parties still decide to proceed to complete the subscription of the 1st Tranche Subscription Shares on a subsequent date, such subscription would be subject to approval by the Independent Shareholders under the Listing Rules.

- (ii) Completion of the issue and allotment of the 2nd Tranche Subscription Shares is conditional upon:

(a) completion of the Placing having occurred pursuant to the terms of the Placing Agreement;

(b) the Company obtaining independent shareholders’ approval in relation to the issue and allotment of the 2nd Tranche Subscription Shares in accordance with Listing Rules; and

(c) the listing of and permission to deal in the 2nd Tranche Subscription Shares being granted by the Listing Committee (and such permission and listing not subsequently being revoked prior to delivery of definition share certificate(s) representing the 2nd Tranche Subscription Shares).

(The above conditions (a) to (c) are collectively referred as the “Additional Conditions”)

If the above conditions are not fulfilled on or prior to 30 June 2007 or such date as agreed between the parties, the Subscription Agreement shall terminate and neither of the parties have any claim against each other save for antecedent breach of the Subscription Agreement.

None of the Conditions and Additional Conditions may be waived by the Subscriber or the Company.

Application will be made to the Stock Exchange for the listing of and permission to deal in the 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares.

Completion of the Subscription:

- (i) The 1st Tranche Completion Date is on the Business Day immediately after the date upon which the last of the Conditions shall have been satisfied provided that such date shall not be later than the date falling 13 days from the date of the Placing Agreement or such later time and/or date as the Company and the Subscriber may agree in writing and as permitted by the Stock Exchange.
- (ii) The 2nd Tranche Completion Date is on the second Business Day after all the Additional Conditions shall have been satisfied (or such other date as the parties may agree in writing).

IMPLICATIONS UNDER THE LISTING RULES

As the subscription for the 2nd Tranche Subscription Shares constitutes a connected transaction of the Company under Rule 14A.10(13)(g) of the Listing Rules and as the exemptions provided under Chapter 14A of the Listing Rules do not apply to such subscription, it is therefore subject to the reporting and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, Smart Town and its associates are required to abstain from voting which will be conducted by way of poll in respect of the ordinary resolution to approve the Connected Transaction at the SGM because of its interest in the transaction. As the placees under the Placing Agreement do not have a material interest in the Connected Transaction, they do not have to abstain from voting in respect of the ordinary resolutions to approve the Connected Transaction and the proposed refreshment of general mandate at the SGM.

EFFECTS ON SHAREHOLDING

Assuming all the Placing Shares are placed under the Placing Agreement, the shareholding of the Vendor before and after the Placing and the Subscription are and will be as follows respectively:

	Shareholding in the Company before the Placing and the Subscription (%)	Shareholding in the Company after the Placing but before the Subscription (%)	Shareholding in the Company after the Placing and the subscription of the 1st Tranche Subscription Shares (%) (Note 4)	Shareholding in the Company after the Placing and the Subscription (%) (Note 5)
Shareholders				
Smart Town Holdings Limited (Note 1)	30.79	0.13	16.78	23.56
Pan-Star Nominees Ltd. (Note 2)	20.00	20.00	16.67	15.31
Other public Shareholders	49.21	49.21	41.00	37.67
Placees				
Indus Capital Partners LLC	–	15.33	12.77	11.73
Other Placees (Note 3)	–	15.33	12.78	11.73
Total	100%	100%	100%	100%

Note:

- (1) Smart Town is owned as to 50% and 50% by Mr. Yeung Tony Ming Kwong and Mr. Liu Ching Hua respectively. Smart Town is treated as a party acting in concert with Pan-Star Nominees Ltd. under the Code.
- (2) Pan-Star Nominees Limited is owned as to 40%, 30% and 30% by Mr. Wei Ming, Mr. Tang Hin Keung, Alfred and Mr. Pun Yuen Sang respectively. Pan-Star Nominees Ltd is treated as a party acting in concert with Smart Town under the Code
- (3) The Placees are part of the public Shareholders.
- (4) Assuming the actual number of Placing Shares placed under the Placing Agreement exceeds 134,400,000 Shares.
- (5) Assuming all the Placing Shares are placed under the Placing Agreement.

The Company confirms that after completion of the Placing and Subscription, other than Indus Capital Partners LLC there will not be any introduction of new substantial shareholder and connected person of the Company.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

Assuming all the Placing Shares are placed under the Placing Agreement, the net proceeds from the subscription of the 1st Tranche Subscription Shares and 2nd Tranche Subscription Shares are approximately HK\$200 million and HK\$107 million respectively. It is intended that if the Possible Acquisition eventuates, the entire proceeds will be used to fund the consideration for the Possible Acquisition. Otherwise, the entire proceeds will be used for general working capital of the Group.

The Directors believe that the terms of the Placing and the Subscription are fair and reasonable and in the interests of the Shareholders as a whole.

REFRESHMENT OF GENERAL MANDATE

In the event the actual number of Placing Shares placed under the Placing Agreement exceeds 134,400,000 Shares, the issue of the 1st Tranche Subscription Shares will use up all of the existing general mandate granted to the Company. The Company proposes to refresh the general mandate at the coming SGM to be held by the Company with a view to providing the Company with flexibility for possible future fund raising. The refreshed general mandate, if granted by the Independent Shareholders, shall give the Directors a general authority to issue and allot new Shares of up to 20% of the number of Shares in issue as at the date of the special general meeting subject to the relevant requirements under the Listing Rules and shall continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company unless the general mandate is renewed by a separate ordinary resolution; or (ii) the date when it is revoked or varied by ordinary resolution of the Shareholders in general meeting.

Under Rule 13.36(4) of the Listing Rules, the proposed refreshment of the general mandate is subject to approval of the Independent Shareholders. The controlling shareholder of the Company and its associate or where there is no such controlling shareholder, all Directors (excluding the independent non-executive Directors), chief executive and their respective associates will abstain from voting in favour of the ordinary resolution to be proposed at the special general meeting to be convened and held by the Company in this regard. The ordinary resolution to approve the proposed refreshment of general mandate will be conducted by way of poll at the SGM.

SGM

The SGM will be convened to consider and, if deemed appropriate, approve the Connected Transaction and the proposed refreshment of general mandate. A circular containing particulars of the Connected Transaction and the proposed refreshment of general mandate, a letter of recommendation from the independent board committee to the Independent Shareholders, a letter of advice by an independent financial adviser to the independent board committee and the Independent Shareholders and a notice of the SGM to approve the Connected Transaction and the proposed refreshment of general mandate will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

GENERAL INFORMATION

The Company is the holding company of the Group. The Group is principally engaged in the provision and installation of fire-rated timber door sets, the provision of interior decoration and renovation services and other carpentry work; and the trading of timber.

The Vendor is a holding company incorporated in the British Virgin Islands and its sole investment is the Shares held by it.

The Company did not have any fund raising exercise in the 12 months immediately preceding this announcement.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended from 11:06 a.m. on 14 February, 2007 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading of the Shares from 9:30 a.m. on Thursday, 15 February 2007.

DEFINITIONS

“1st Tranche Subscription Shares”	the lower of the actual number of Placing Shares placed under the Placing Agreement and 134,400,000 Shares
“1st Tranche Completion Date”	the Business Day immediately after the date upon which the last of the Conditions shall have been satisfied provided that such date shall not be later than the date falling 13 days from the date of the Placing Agreement or such later time and/or date as the Company and the Subscriber may agree in writing as permitted by the Stock Exchange
“2nd Tranche Subscription Shares”	the excess of the Placing Shares (if any) after deducting therefrom 1st Tranche Subscription Shares
“2nd Tranche Completion Date”	the second Business Day after all the Additional Conditions shall have been satisfied (or such other date as the Parties may agree in writing)
“associate”	has the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or any day on which a typhoon signal No. 8 or above or a black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks generally open for business in Hong Kong
“Code”	the Hong Kong Code on Takeover and Mergers
“Company”	Teem Foundation Group Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing pursuant to the Placing Agreement
“connected persons”	has the meaning as defined in the Listing Rules
“Connected Transaction”	the subscription for the 2nd Tranche Subscription Shares
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	(i) the shareholder(s) of the Company other than those interested or involved in the Subscription in the case of the Subscription; and (ii) Shareholders other than the Directors (excluding the independent non-executive Directors), chief executive of the Company and their respective associates (who shall abstain from voting in favour) in the case of the proposed refreshment of the general mandate
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 13 February 2007 entered into between Team Jade and Rich Game, an independent third party setting out the preliminary terms in relation to the Possible Acquisition, details of which are set out in the announcement of the Company dated 13 February 2007
“Placing”	a placing of the Placing Shares by the Placing Agent on behalf of the Vendors
“Placees”	the professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement
“Placing Agent”	Bear Stearns Asia Limited
“Placing Agreement”	the placing agreement dated as of 14 February 2007 entered into among the Vendor, the Company and the Placing Agent in relation to the Placing
“Placing Shares”	up to 206,000,000 Shares to be placed by the Vendor
“Placing Price”	HK\$1.525
“Possible Acquisition”	the possible acquisition by the Group of the entire issued share capital of Richsense under the MOU
“Rich Game”	Rich Game Capital Inc., a company incorporated in the British Virgin Islands and the vendors in the Possible Acquisition
“Richsense”	Richsense Limited, a company incorporated in the British Virgin Islands and wholly-owned by Rich Game
“SGM”	the special general meeting of the Shareholders to be convened by the Company to consider and approve the Connected Transaction and the proposed refreshment of general mandate
“Shareholders”	shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Smart Town”	Smart Town Holdings Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Smart Town
“Subscription”	the subscription of the Subscription Shares at the Subscription Price
“Subscription Agreement”	the subscription agreement dated as of 14 February 2007 entered into between the Vendor and the Company in relation to the Subscription
“Subscription Price”	HK\$1.525 per Subscription Share
“Subscription Shares”	the 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares
“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
“United States”	United States of America
“Vendor”	Smart Town
“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, 14 February 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.