

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **FOREFRONT GROUP LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**福方集團有限公司\***

**(Stock Code: 0885)**

## **ANNOUNCEMENT & RESUMPTION OF TRADING**

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

The Company wishes to announce that the Purchaser has on 7 August, 2007 entered into the MOU with the Vendor in relation to the sale and purchase of the Sale Share.

**Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 on 26 July, 2007 pending the release of this announcement and matters related to the acquisition of Leapfly Limited which transaction was subsequently terminated as referred to in the Company's announcement dated 1 August, 2007. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on 8 August, 2007.**

## **INTRODUCTION**

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

\* For identification purposes only

On 7 August, 2007, the Purchaser entered into the MOU with the Vendor in relation to the sale and purchase of the Sale Share. The Vendor is an Independent Third Party. The MOU is non binding and the Purchaser and the Vendor will negotiate with an intention to enter into a final and binding (save as mentioned below) agreement in relation to the Proposed Transaction on or before 31 August, 2007 (or such later date as the parties may agree in writing). During this period, the Purchaser will commence legal and financial due diligence in respect of the Target Group.

### **The Proposed Transaction**

Under the Proposed Transaction, the Purchaser intends to acquire the Sale Shares, which represents the entire issued share capital of Natural Harvest. Natural Harvest holds 61.25% interest in Talenteam and on completion of the Proposed Transaction, Talenteam is to hold 80% in the Target. The consideration for the Sale Share is HK\$80,000,000 cash with payment terms to be agreed between the parties.

Completion of the Proposed Transaction will be subject to due diligence to the satisfaction of the Purchaser and the obtaining of other consents required for the Proposed Transaction.

### **The Target Group**

Based on the preliminary information and the business proposal provided to the Purchaser by the Vendor, the Target will be a newly set up sino-foreign equity joint venture in the PRC to to operate and to own or derive economic benefits in the China Railway Web Portal. The China Railway Web Portal is a project to revolutionize China's rail ticket reservation business by allowing customers to purchase train tickets with instant confirmations as well as providing real time access to train schedules and seats availability through the internet, call centres and an associated card payment system which will allow payment for tickets goods and services. The MOU is non-binding save for certain clauses relating to, inter alia, the Earnest Money (see below). If a formal sale and purchase agreement is entered into, the Company will comply with the provisions of the Listing Rules in relation to disclosure of that agreement. The Company is of the view that there is no material impact to the business of the Company if the formal sale and purchase agreement is not entered into. All terms of the formal sale and purchase agreement are subject to negotiation and finalisation, except for those relating to the Earnest Money (see below).

Completion of the Proposed Transaction will depend on the terms of the formal sale and purchase agreement to be entered into, which if it is entered into to reflect the terms of the MOU, completion will occur upon the satisfaction of various conditions precedent including the Purchaser being satisfied with the financial and legal due diligence and the joint venture arrangements in relation to the operations of the Target.

### **Other terms**

On execution of the MOU, the Purchaser has paid to the Vendor a refundable earnest money (the “Ernest Money”) in the sum of HK\$4 million. In the event that the parties enter into the formal sale and purchase agreement on or before 31 August, 2007 (or such later date as the parties agree in writing), the Ernest Money shall become a deposit and part payment of the consideration and if completion of the Proposed Transaction cannot take place on or before 31 October, 2007, the Vendor shall immediately return the Ernest Money to the Purchaser. In the event that the parties fail to enter into the formal sale and purchase agreement on or before 31 August, 2007 (or such later date as the parties agree in writing), the Vendor shall immediately return the Ernest Money to the Purchaser.

### **MISCELLANEOUS**

The Company refers to the announcement of the Company dated 26 July, 2007 in which the Company has requested for a suspension of the trading in the shares of the Company pending the release of the announcement in relation to possible discloseable transactions which is price sensitive. The Company intended to enter into a formal sale and purchase agreement in relation to the acquisition of the Sale Shares, subject to further due diligence on the legality and structure of the Target Group and its Business and based on the calculations then, the Company considered that the transaction constitutes a price-sensitive discloseable transaction of the Company. However, as the Company received further legal advice and further due diligence documentation, the Company required further time to discuss and negotiate certain terms of the Proposed Transaction and accordingly, entered into the MOU.

The Proposed Transaction may or may not proceed. Shareholders are advised to exercise caution in dealing in the shares of the Company.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 on 26 July, 2007 pending the release of this announcement and matters related to the acquisition of Leapfly Limited which transaction was subsequently terminated as referred to in the Company's announcement dated 1 August, 2007. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on 8 August, 2007.

## DEFINITIONS

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

“Business”	the business activities to be carried on by Target in respect of network technology development, consultation, services & transfer, including investment, operation and management of railway website portal, research and development of applied web electronic ticketing, passenger and freight train system, “China Railway Dream Network” services system, and other value-added services which include railway station, commercial & residential logistic service terminal system, IPTV network TV, Mobile TV, Web advertisement including operating of China Railway Web Portal (投資建設以及運營管理鐵流網門戶網站, 研究、設計、開發、應用網上電子售票客貨運等商務系統、提供貨運票務及在時追蹤處理之電子系統服務、呼叫中心商務系統、鐵流通卡商務系統、中鐵夢網服務系統、火車站及鐵路辦公居住區鐵流網服務終端系統以及IPTV網路電視、手機電視、廣告等增值服務系統);
“China Railway Web Portal”	鐵流網, a Chinese railway web portal under the website <a href="http://www.tieliu.com.cn">www.tieliu.com.cn</a>
“Company”	Forefront Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“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 Third Party”	a party who to the best of the Director’s knowledge, information and belief having made all reasonable enquiry is a third party independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	shareholders of the Company
“Natural Harvest”	Natural Harvest Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“MOU”	the memorandum of understanding dated 7 August, 2007 entered between the Vendor in relation to the sale and purchase of the Sale Share
“Proposed Transaction”	the proposed transaction in relation to the sale and purchase of the Sale Share
“Sale Share”	1 share of US\$1.00 each in the share capital of Natural Harvest
“Talenteam”	Talenteam Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Target”	China Railway Information and Technology Limited 鐵流網資訊技術有限公司, which on completion of the Transaction will be a sino-foreign equity joint venture enterprise established in the PRC, the equity interest of to be held as to 80% by Talenteam and 20% by the existing owner

“Target Group”

Natural Harvest, Talenteam and Target

“Vendor”

Mr. Tsang Kai Ming

*As at the date of this announcement, the Board comprises seven executive Directors, namely, Ms. Yau Shum Tek, Cindy, Mr. Ting Wing Cheung, Sherman, Ms. Lo Oi Kwok, Sheree, Mr. Yeung Ming Kwong, Mr. Louis Wen, Mr. Lam Kwan Sing and Mr. Zhou Qi Jin, and four independent non-executive Directors, namely Mr. Chung Yuk Lun, Mr. Kwong Wai Tim, William, Ms. Lam Yan Fong, Flora and Ms. Kristi L Swartz.*

By Order of the Board of  
**Forefront Group Limited**  
**Yeung Ming Kwong**  
*Executive Director*

7 August, 2007