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FOREFRONT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

**DISCLOSEABLE TRANSACTION
AND
RESUMPTION OF TRADING**

The Company wishes to announce that the Purchaser has on 21st August 2007 entered into the Sale and Purchase Agreement with the Vendor in relation to the sale and purchase of the Sale Share. The Sale Share represents the entire issued share capital of Natural Harvest. Natural Harvest holds 61.25% interest in Talenteam and Talenteam holds an 80% interest in the PRC Joint Venture. The consideration for the Sale Share is HK\$80,000,000 cash.

As the relevant percentage ratios in respect of the transaction contemplated under the Sale and Purchase Agreement are more than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Sale and Purchase Agreement will be despatched to the Shareholders as soon as practicable after the publication of this announcement.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 11:19 a.m. on 20th August 2007 pending the release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on 22nd August 2007.

INTRODUCTION

Reference is made to the Company's announcement dated 7th August 2007 in relation to, inter alia, the MOU entered into between the Vendor and the Purchaser.

On 21st August 2007, the Purchaser entered into the Sale and Purchase Agreement with the Vendor in relation to the sale and purchase of the Sale Share. The Sale Share represents the entire issued share capital of Natural Harvest. Natural Harvest holds 61.25% interest in Talenteam and Talenteam holds an 80% interest in the PRC Joint Venture. The consideration for the Sale Share is HK\$80,000,000 cash.

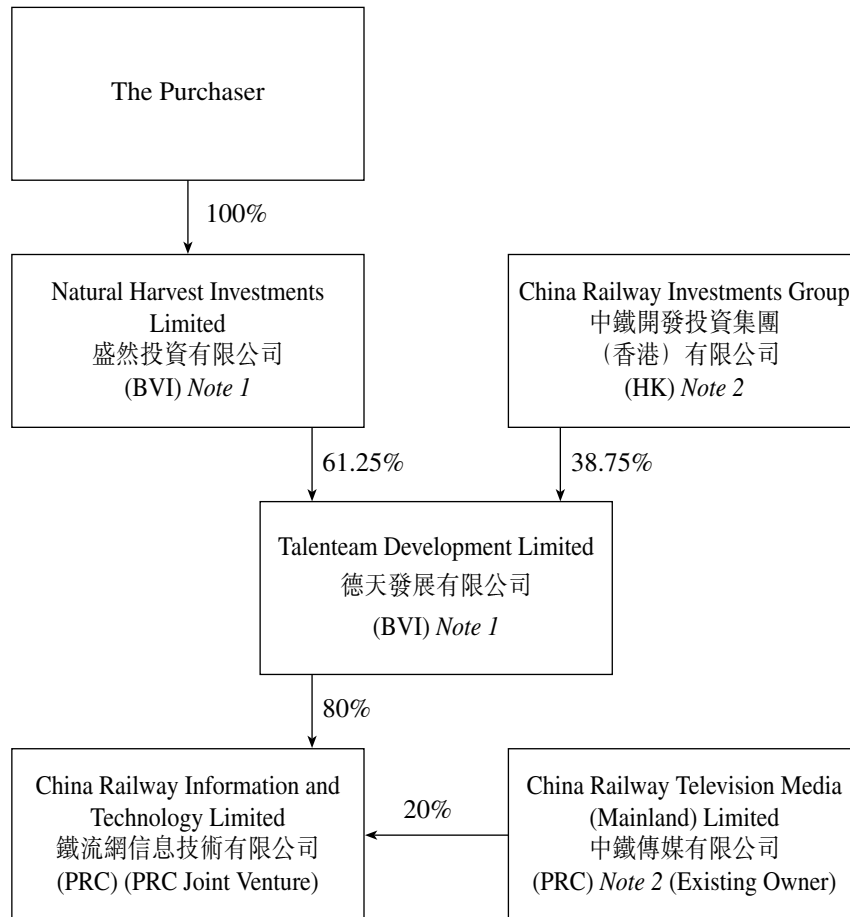
Parties:

- (i) The Vendor. The Company confirms that to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an Independent Third Party.

- (ii) The Purchaser, an indirect wholly owned subsidiary of the Company.

Structure of the PRC Joint Venture Group

Set out below is diagram showing the structure of the PRC Joint Venture Group upon completion of the Sale and Purchase Agreement:



To the best of the knowledge of the Company based on information provided by the Vendor:–

Note 1 Independent Third Parties which are investment holding companies

Note 2 An Independent Third Party. China Railway Investments Group (Hong Kong) Limited and China Railway Television Media (Mainland) Limited are under the same ultimate shareholding but are unrelated to the Vendor (save for China Railway Investments Group (Hong Kong) Limited being a co-investor in Talenteam with the Vendor).

Conditions Precedent

Completion of the Sale and Purchase Agreement is conditional upon:

- (a) the Purchaser undertaking a due diligence review of the PRC Joint Venture Group and being satisfied in its sole discretion with such review in all respects including, without limitation, the receipt by the Purchaser a legal opinion confirming certain matters including the corporate structure of the PRC Joint Venture Group, corporate status of the PRC Joint Venture, legality of operations of the PRC Joint Venture and the transfer or the vesting of the economic benefit of the Operating Rights in China Railway Web Portal necessary or required for the conduct of the Business in the PRC Joint Venture, time of payment of the remaining HK\$150 million of the registered capital of the PRC Joint Venture will be a date falling not later than 6 months after the date of issue of the business registration certificate;
- (b) the obtaining of all relevant third party consents (including shareholders' consent, if required) by the Vendor in respect of the transactions contemplated under the Sale and Purchase Agreement.

If the conditions set out above are not fulfilled or waived by the Purchaser, on or before 10:00 a.m. on 15th September 2007, or such later date as may be agreed between the Vendor and the Purchaser, the Sale and Purchase Agreement shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any prior breach of the Sale and Purchase Agreement).

Consideration

The consideration for the Sale Shares is HK\$80,000,000 cash of which HK\$20,000,000 (including the HK\$4 million earnest money paid under the MOU) has been paid as a refundable deposit with the remaining HK\$60,000,000 to be paid on completion of the Sale and Purchase Agreement. The deposit is to be refunded in the event that the conditions precedent of the Sale and Purchase Agreement are not fulfilled. The consideration will be funded by internal resources and is based on arm's length negotiations between the Purchaser and the Vendor. Although the PRC Joint Venture Group is newly set up, the Company is of the view that the consideration of HK\$80 million is a fair and reasonable price given the expected growth potential of developing an online ticketing system through utilisation of the China Railway Web Portal as referred to in the section headed "Reasons and benefits of the transaction" in this announcement.

Completion

Completion is to take place on the second business day after the satisfaction of the conditions precedent or at such other time as the parties may agree in writing.

FURTHER INFORMATION ON NATURAL HARVEST AND THE PRC JOINT VENTURE GROUP

With the acquisition of the entire equity interest of Natural Harvest, upon completion of the Sale and Purchase Agreement, the PRC Joint Venture will be an indirect non-wholly owned subsidiary of the Group. The PRC Joint Venture is a newly set up sino-foreign co-operative joint venture in the PRC to conduct, inter alia, the Business in the PRC.

The Vendor has undertaken to the Purchaser that prior to completion of the Sale and Purchase Agreement, the Vendor will procure that the Existing Owner transfers to or vests the economic benefits in the PRC Joint Venture for nil consideration, the Operating Rights in relation to the China Railway Web Portal necessary or required for the conduct of the Business with the intent that the PRC Joint Venture shall exclusively hold or be vested with such Operating Rights. Based on information available to the Company, the China Railway Web Portal is owned by the Existing Owner. It is intended that the PRC Joint Venture will derive a fee income from the tickets to be sold under the e-ticketing system to be developed by the PRC Joint Venture.

Based on the unaudited consolidated financial statements of Natural Harvest for the period from 31st May 2007 (date of incorporation) to 19th July 2007, Natural Harvest has net assets of HK\$25,527,632.80 as at 19th July 2007 (being Natural Harvest's attributable interest in the paid up capital of RMB50 million in the PRC Joint Venture) and its net loss is HK\$2,600.

As all the companies of the PRC Joint Venture Group are newly set up companies in the year 2007, there are no net profits results in respect of the PRC Joint Venture Group for the two financial years immediately preceding the transaction.

THE TALENTEAM JOINT VENTURE AGREEMENT

The corporate decision making and management of Talenteam is governed by the Talenteam Joint Venture Agreement. The Talenteam Joint Venture Agreement will continue to bind Natural Harvest after completion of the Sale and Purchase Agreement. Set out below is a brief summary of certain terms of the Talenteam Joint Venture Agreement:

Parties: Natural Harvest

China Railway Investments Group (Hong Kong) Limited 中鐵開發投資集團(香港)有限公司(HK), an Independent Third Party

Contributions

Any capital contributions required to be made to Talenteam is to be approved by the unanimous approval of the relevant board meeting of Talenteam.

Board of Directors

The board of directors of Talenteam comprises of 5 directors and are to be appointed pro rata to the shareholding interest of the shareholders of Talenteam. On completion of the Sale and Purchase Agreement, the Purchaser will nominate 3 directors to the board of Talenteam.

Profit Sharing

Any distribution of profits is to be in proportion to the respective shareholding of the shareholders of Talenteam.

THE PRC CO-OPERATIVE JOINT VENTURE AGREEMENT

Talenteam and the Existing Owner have on 6 July 2007 entered into the PRC Co-Operative Joint Venture Agreement. The PRC Co-Operative Joint Venture Agreement will continue to bind Talenteam after completion of the Sale and Purchase Agreement. Set out below is a brief summary of certain terms of the PRC Co-Operative Joint Venture Agreement:

Parties: Talenteam

Existing Owner

Total Investment Amount: HK\$500 million (to the extent required) according to the PRC Co-Operative Joint Venture Agreement. However, the certificate of approval (issued by 北京市人民政府 no.商外資京作字[2007]8108號 dated 7th August 2007) indicates that the total investment capital is RMB220 million. According to a PRC legal opinion, the total investment capital as set out in the Certificate of Approval is to prevail and any increase in registered capital needs to be approved by both parties to the PRC Joint Venture and the relevant PRC authorities. Accordingly, the Company is of the view that Talenteam's present capital commitment to the PRC Joint Venture is capped at an additional HK\$150 million.

Registered Capital: HK\$200 million (under the articles of association of the PRC Joint Venture, the registered capital of HK\$200 million is required to be paid by Talenteam (of which HK\$50 million has been paid up)). Talenteam is exposed to an additional capital contribution requirement of HK\$150 million, which is to be borne by Talenteam solely based on commercial negotiations between Talenteam and the Existing Owner.

Contributions

Any increase in the registered capital or transfer of registered capital is to be approved by the unanimous approval of the relevant board meeting of the PRC Joint Venture.

Under the PRC Co-Operative Joint Venture Agreement, the Existing Owner is responsible for obtaining all relevant government approvals necessary for the business of the PRC Joint Venture, identity projects, conduct marketing activities etc. There is no obligation on the part of the Existing Owner to make any capital contribution to the PRC Joint Venture.

Board of Directors

The board of directors of the PRC Joint Venture comprises of 5 directors and are to be appointed pro rata to the shareholding interest of the shareholders of the PRC Joint Venture. 3 directors will be nominated by Talenteam to the board of the PRC Joint Venture.

Profit Sharing

Any distribution of profits is to be in proportion: Talenteam: 80%, Existing Owner: 20%. There will not be any distribution of profits in the first 2 years from the date of incorporation of the PRC Joint Venture. For the third year to the fifth year, any profits is to be used to repay investments of the PRC Joint Venture first with the remaining portion to be distributed to the shareholders in accordance to their proportionate shareholding interest.

Term

The term of the joint venture agreement is for a term of 50 years.

Breach of the terms of the PRC Co-Operative Joint Venture Agreement

In the event that either party fails to fulfil its obligations under the PRC Co-Operative Joint Venture Agreement, then from the period of one month from the date of such breach, for each month, the breaching party must pay to the other party an amount equivalent to 0.5% of the registered capital contributed and to be contributed by the breaching party. In the event that the breach subsists for 3 months, then the non-breaching party may terminate the PRC Co-Operative Joint Venture Agreement.

INFORMATION OF THE COMPANY

The Group is principally engaged in trading and distribution of Scania motor trucks, coaches and vehicle accessories, and the provision of heavy motor vehicle repair and maintenance services.

REASONS AND BENEFITS OF THE TRANSACTION

It is expected that the PRC Joint Venture will focus on the development, management and operation of an e-ticketing system for railway passengers and related railway freight cargo services in the PRC by utilising the China Railway Web Portal in the near future. The Company's investment in the PRC Joint Venture Group represents an expansion of the Group's transportation business in the PRC to provide mass transit transportation ticketing using the China Railway's Web Portal. By launching an internet based rail ticket reservation and sales business (with a membership card) in the PRC, the Company believes this could potentially revolutionize the existing ticket sales market which is in line with the national policy of railway modernisation in the PRC. In view of the rapid increase in railway travel throughout the PRC, the Company considers there is significant growth opportunities through the provision of this online ticketing system. According to the China Statistical Handbook (2006), 1,161 million railway tickets were sold in 2006 and it is expected that ticket sales will increase to 1,716 million by 2015. The Company further believes that the experience in the developing a world class top notch online ticketing system will not only provide the PRC with a sophisticated and user friendly ticketing sales and reservation system but also provides the Company with a better understanding and an opportunity for the future expansion of other peripheral and related businesses. Whilst the Group does not currently have the expertise to engage in the Business, it intends to recruit relevant personnel in the future to oversee this investment.

The Directors (including the independent non-executive directors) are of the view that the transactions contemplated under the Sale and Purchase Agreement are fair and reasonable, and in the interests of the Company and shareholders as a whole.

GENERAL

As the relevant percentage ratios in respect of the transaction contemplated under the Sale and Purchase Agreement are more than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Sale and Purchase Agreement will be despatched to the Shareholders as soon as practicable after the publication of this announcement.

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DEFINITIONS

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

“Business”	the business activities carried/to be carried on by the PRC Joint Venture including but not limited to network technology development, consultation services, including investment, development, operation and management of railway website portal, research, design and development of web electronic ticketing system, passenger and freight train system, provision of freight train ticketing and tracking system and other value-added services which include paging system, railway station, commercial & residential logistic service terminal system, IPTV network TV, Mobile TV, Web advertisement (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、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 ww.tieliu.com.cn. Based on information obtained from this website, the portal aims to provide online e-ticketing system for railway passengers and related freight cargo services including provisions of real time information on the railway services including passenger flow, logistics and cargo tracking etc.
“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

“Existing Owner”	China Railway Television Media (Mainland) Limited 中鐵傳媒有限公司 (PRC), an Independent Third Party
“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
“MOU”	the memorandum of understanding entered into between the Vendor and the Purchaser in relation to the Sale Share dated 7th August 2007
“Natural Harvest”	Natural Harvest Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Operating Rights”	the operating and management rights to be transferred from the Existing Owner to the PRC Joint Venture or to be applied for by the PRC Joint Venture from the relevant authorities (to the extent required) in relation to (including utilisation of) the China Railway Web Portal necessary or required for the purpose of the conduct of the Business
“PRC Joint Venture”	China Railway Information and Technology Limited 鐵流網資訊技術有限公司, a sino-foreign co-operative joint venture enterprise established in the PRC, in which Talenteam has an 80% interest and the Existing Owner has an 20% interest
“PRC Joint Venture Group”	Natural Harvest, Talenteam and the PRC Joint Venture

“PRC Co-Operative Joint Venture Agreement”	the co-operative joint venture agreement dated 6th July 2007 between Talenteam and the Existing Owner
“Purchaser”	Great Journey Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21st August 2007 entered into between the Vendor and the Purchaser 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Talenteam”	Talenteam Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Talenteam Joint Venture Agreement”	the joint venture agreement dated 28th June 2007 between China Railway Investments Group (Hong Kong) Limited 中鐵開發投資集團(香港)有限公司(HK) and Natural Harvest in respect of Talenteam
“Vendor”	Mr. Tsang Kai Ming

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

21st August 2007

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.