FOREFRONT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS

The Board of Directors (the "Board") of Forefront Group Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 (the "Year") together with the comparative figures for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
			(restated)
Continuing operations			
Turnover	*2*	**671,942**	3,786
Cost of investments held for trading sold		**(720,463)**	–
Gross (loss) profit		**(48,521)**	3,786
Other income	*2*	**18,540**	337
Distribution and selling expenses		**(337)**	(286)
General and administrative expenses		**(129,241)**	(15,919)
Changes in fair value of financial assets at fair value through profit or loss		**(139,420)**	–
Loss from operations		**(298,979)**	(12,082)
Finance costs	*3*	**(24,250)**	(290)
Share of profit of an associate		**1,860**	–
Loss before taxation	*3*	**(321,369)**	(12,372)
Taxation	*4*	**–**	–

* *For identification purpose only*

	Note	2007 HK$'000	2006 HK$'000 (restated)
Loss for the year from continuing operations		**(321,369)**	(12,372)
Discontinued operations			
Loss for the year from discontinued operations	*5*	**(11,818)**	(12,380)
Loss for the year		**(333,187)**	(24,752)
Attributable to:			
Equity holders of the parent		**(333,187)**	(24,752)
Minority interests		**–**	–
		(333,187)	(24,752)
Dividend		**–**	–
Basic loss per share:	*6*		
From discontinued operations *(HK cents per share)*		**(0.94)**	(2.68)
From continuing operations *(HK cents per share)*		**(25.54)**	(2.68)

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007

	Note	**2007** ***HK$'000***	2006 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**30,065**	–
Property, plant and equipment		**1,187**	3,524
Interests in associates		**32,754**	–
Goodwill		**8,000**	–
Available-for-sale financial assets		**–**	–
		72,006	3,524
Current assets			
Financial assets at fair value through profit or loss		**209,975**	–
Inventories	*7*	**32,625**	30,355
Trade and other receivables	*8*	**19,477**	18,414
Pledged deposits		**558**	558
Bank balances and cash		**24,610**	6,262
Cash balance maintained with broker		**138,303**	–
		425,548	55,589
Interests in a subsidiary held for sale		**2,315**	–
Assets reclassified as held for sale		**6,292**	–
Interests in unconsolidated subsidiaries held for sale		**–**	48,174
		434,155	103,763
Current liabilities			
Trade and other payables	*9*	**19,232**	30,089
Amounts due to unconsolidated subsidiaries held for sale		**–**	52,539
Interest-bearing borrowings	*10*	**14,885**	–
Zero coupon convertible notes	*11*	**225,160**	–
		259,277	82,628
Net current assets		**174,878**	21,135
Total assets less current liabilities		**246,884**	24,659
NET ASSETS		**246,884**	24,659

	Note	**2007**	2006
		HK$'000	*HK$'000*
Equity and reserves			
Share capital		**178,581**	43,577
Reserves		**68,303**	(13,535)
Reserve attributable to interests in unconsolidated subsidiaries held for sale		**–**	(5,383)
Equity attributable to equity holders of the parent		**246,884**	24,659
Minority interests		**–**	–
Total equity		**246,884**	24,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRS and Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance except for the unconsolidation of Taiwan Subsidiaries as set out below. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. The measurement basis used in the preparation of these financial statements is historical cost, except for financial assets at fair value through profit or loss, which are measured at fair value.

Adoption of new and revised Hong Kong Financial Reporting Standards

The accounting policies adopted in the preparation of the financial statements of the current year are consistent with those of the previous year except for the adoption of HKAS 1 (Amendment): Capital disclosures and HKFRS 7: Financial instruments: Disclosures, which have become effective for the current year and management considers being most relevant to the Group's current operations:

HKAS 1 (Amendment): Capital disclosures

The amendment requires financial statements to provide additional disclosures in relation to the Group's objectives, policies and processes for managing capital.

HKFRS 7: Financial instruments: Disclosures

HKFRS 7 superseded HKAS 30: Disclosures in the financial statements of banks and similar financial institution and incorporated all the disclosure requirements previously in HKAS 32, while the presentation requirements in HKAS 32 remain unchanged. HKFRS 7 requires financial statements to disclose information for the purpose of evaluating the significance of the Group's financial instruments, the nature and risks arising from those financial instruments to which the Group is exposed to and how the Group manages them. The new disclosures are included throughout the financial statements.

Both HKAS 1 (Amendment) and HKFRS 7 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

At the date of this announcement, the Group has not early adopted the new/revised standards and interpretations issued by the HKICPA that are not yet effective for the current year. The Group has already commenced an assessment of impact of these new/revised standards and interpretations but is not yet in a position to state whether they would significantly impact on its results of operations and financial position.

Taiwan Subsidiaries

As explained in previous interim reports and annual reports of the Company, the Group has lost control in the operation of its subsidiaries in Taiwan since early 2005, namely Forefront International Automotive Limited, Sunshine Credit Limited and U-Drive Smart Card Company Limited (collectively referred to as "**Taiwan Subsidiaries**"). Although the Company has regained control in June 2005, the books and records of the Taiwan Subsidiaries were found not sufficient to prepare the financial statements and for consolidation into the consolidated financial statements of the Group for annual reports of year 2004, 2005, 2006 and for the period from January 2007 up to the date of disposals of Taiwan Subsidiaries as described below.

On 30 December 2006, the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire interests in Taiwan Subsidiaries. The transaction was completed on 30 March 2007. Because of the reason mentioned above, it is not possible for the Group to ascertain the exact amount of assets and liabilities of the Taiwan Subsidiaries at disposal as well as their results for the period up to disposal.

2. TURNOVER AND REVENUE

Turnover and revenue recognised by category are analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
(a) Turnover		
Continuing operations		
Proceeds from the sale of financial assets at fair value through profit or loss	**668,250**	–
Fuel commission and other income	**3,692**	3,786
	671,942	3,786
Discontinued operations		
Sale of motor trucks, coaches and vehicle accessories	**60,857**	65,762
Provision of motor vehicle repairs and maintenance services	**23,728**	25,439
	84,585	91,201

	2007 Continuing operations HK$'000	2007 Discontinued operations HK$'000	2007 Total HK$'000	2006 Continuing operations HK$'000	2006 Discontinued operations HK$'000	2006 Total HK$'000
(b) Other income						
Interest income	**6,388**	**–**	**6,388**	105	489	594
Gain on disposal of interests in unconsolidated subsidiaries	**1,422**	**–**	**1,422**	–	–	–
Negative goodwill recognised on acquisition of an associate	**4,244**	**–**	**4,244**	–	–	–
Gain on redemption of zero coupon convertible notes	**6,240**	**–**	**6,240**	–	–	–
Gain on disposal of property, plant and equipment	**1**	**82**	**83**	50	–	50
Others	**245**	**1,325**	**1,570**	182	1,055	1,237
	18,540	**1,407**	**19,947**	337	1,544	1,881

3. LOSS BEFORE TAXATION

This is stated after charging (crediting) :

(a) Finance costs

	2007 Continuing operations HK$'000	2007 Discontinued operations HK$'000	2007 Total HK$'000	2006 Continuing operations HK$'000	2006 Discontinued operations HK$'000	2006 Total HK$'000
Interest on interest-bearing borrowings wholly repayable within five years	**–**	**–**	**–**	117	–	117
Interest on interest-bearing borrowings wholly repayable after five years	**172**	**–**	**172**	–	–	–
Amortisation of effective interest on convertible notes	**24,000**	**–**	**24,000**	173	–	173
Interest paid to supplier and broker	**78**	**702**	**780**	–	142	142
	24,250	**702**	**24,952**	290	142	432

(b) ***Other items***

	2007			2006		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Auditors' remuneration	**760**	**210**	**970**	790	210	1,000
Depreciation of investment properties and property, plant and equipment	**173**	**2,144**	**2,317**	55	548	603
Operating lease charges on premises	**254**	**5,255**	**5,509**	110	7,475	7,585
Gain on disposal of interests in unconsolidated subsidiaries held for sale *(note (i))*	**1,422**	**–**	**1,422**	–	–	–
Provision for success fee *(note (ii))*	**7,140**	**–**	**7,140**	3,500	–	3,500
Shared-based payment in respect of Jerry Liu Option	**1,612**	**–**	**1,612**	–	–	–
Share-based payment in respect of staff share options	**14,762**	**–**	**14,762**	–	–	–
Allowance for trade and other receivables written back	**(258)**	**(141)**	**(399)**	(604)	(1,358)	(1,962)
(Gain) Loss on exchange	**–**	**(3)**	**(3)**	(68)	42	(26)
Staff costs, including directors' emoluments:						
– Salaries and other allowances	**4,290**	**13,960**	**18,250**	3,995	14,563	18,558
– Contributions to pension schemes	**69**	**618**	**687**	45	614	659
Impairment loss of available-for-sale financial assets	**25,000**	**–**	**25,000**	–	–	–
Impairment of goodwill	**67,000**	**–**	**67,000**	–	–	–
Allowance on inventories	**–**	**1,932**	**1,932**	–	1,559	1,559

(i) Disposal of Taiwan subsidiaries

Reference is made to the Company's previous annual reports and certain related circulars and announcements. The Company had entered into an agreement with an independent third party to dispose of the interest in Taiwan Subsidiaries at a disposal consideration of HK$54,979,000. The disposal was approved by independent shareholders and was completed on 30 March 2007. The consideration to be received will be the aggregation of the estimated total cash proceeds of approximately HK$2,440,000 and the novation of debts due to Taiwan Subsidiaries of approximately HK$52,539,000.

Due to the reason explained in note 1, the Group is unable to ascertain the value of the liabilities and assets of Taiwan Subsidiaries at the time of disposal. The net gain of HK$1,422,000 is arrived at by deducting the carrying value of the Taiwan Subsidiaries of approximately HK$48,174,000 and foreign exchange reserve of approximately HK$5,383,000 relating to the Taiwan Subsidiaries recognised during 2006 from the disposal consideration.

(ii) A&M allotment

Reference is made to the Company's 2006 annual report and certain circulars and announcements. Pursuant to an engagement between the Company and Alvarez & Marsal Asia Limited ("**A&M**"), the Company agreed to pay A&M a success fee which includes a cash payment of HK$3.5 million and the issue of certain amount of new shares of the Company. A&M assisted the Company to submit a resumption proposal to the Stock Exchange in June 2006 and the Company successfully resumed trading on 18 April 2007. A provision of HK$3.5 million was accordingly made in June 2006 and was paid in April 2007. On 18 April 2007, new shares of 33,520,923 were granted to A&M and were fully exercised on the same date. The directors consider the fair value of a share is HK$0.213 which is the price of allotment on 18 April 2007. Accordingly, the aggregate fair value of the A&M allotment of HK$7,140,000 has been charged to the income statement as general and administrative expenses.

4. TAXATION

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands. Hong Kong Profits Tax has not been provided in the financial statements as the Company and its subsidiaries either have no assessable profits or have unutilised tax losses to set off against current year's assessable profits both for the years of 2007 and 2006.

Reconciliation of tax expenses

	2007	2006
	HK$'000	*HK$'000*
Loss before taxation from continuing and discontinued operations	**(333,187)**	(24,752)
Income tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	**(58,308)**	(4,332)
Net effect of non-deductible expenses/tax-exempted revenue	**23,243**	2,889
Unrecognised temporary differences	**206**	–
Untilisation of previously unrecognised tax losses	**(495)**	(702)
Unrecognised deferred tax assets in respect of tax losses	**35,354**	2,145
Taxation as per income statement	**–**	–

5. DISCONTINUED OPERATIONS

(a) Termination of Scania distributorship

The Company has received a notice from Scania stating the distributor agreements between Scania and the Company for exclusive distributor rights for Scania trucks, buses and spare parts in relation to Hong Kong and Macau region will expire and cease to apply after 26 October 2008.

On 15 February 2008, the Company has entered into two Asset Sale Agreements and one Memorandum of Understanding in relation to the disposal of certain assets amounting to approximately HK$16.3 million and a subsidiary in PRC approximately amounting to HK$2.2 million to a subsidiary of Scania. These agreements were completed on 31 March 2008 and the distributor agreements of Hong Kong and Macau are treated as expired on the same date.

HKFRS 5 "Non-current assets held for sales and discontinued operations" classifies an operation as discontinued at the date the operation meets the criteria to be classified as held for sale or when the entity has disposed of the operation. An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

Since the discontinuance of the motor trading and repairs and maintenance services is highly probable at the balance sheet date, the operations are treated as discontinued and the assets to be disposed of are reclassified as assets held for sale.

(b) Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (trading of motor trucks, coaches and vehicles accessories and provision of motor vehicle repairs and maintenance services) included in the income statement are set out below. The comparative information in relation to income and cash flows statement and to related notes attributable to discontinued operations have been restated as discontinued operations in the current year.

	2007	2006
	HK$'000	*HK$'000*
Loss for the year from discontinued operations		
Turnover	**84,585**	91,201
Less: Cost of sales	**(73,930)**	(79,414)
Gross Profit	**10,655**	11,787
Other income	**1,407**	1,544
Expenses	**(23,880)**	(25,711)
Loss before taxation	**(11,818)**	(12,380)
Taxation	**–**	–
Loss for the year from discontinued operations	**(11,818)**	(12,380)

Cash flows form discontinued operations

Net cash flows used in operations activities	**(21,651)**	(3,281)
Net cash flows used in investing activities	**(1,826)**	(3,860)
Net cash flows generated from(used in) financing activities	**23,549**	(31,900)
Net cash inflows(outflows)	**72**	(39,041)

(c) ***Interests in a subsidiary held for sale***

	2007
	HK'000
Non-current assets	
Property, plant and equipment	**173**
Current assets	
Inventories	**151**
Trade receivables	**744**
Prepayments	**38**
Bank balances and cash	**2,039**
Current liabilities	
Trade payables	**(649)**
Other payables and accruals	**(56)**
Amount due to immediate holding company	**(125)**
	2,315

(d) ***Assets reclassified as held for sale***

As more fully explained in note 5(a), the Group has reclassified the following property, plant and equipment and inventories to be disposed of to Scania as assets held for sale:

	2007
	HK'000
Property, plant and equipment held for sale	**1,937**
Inventories held for sale	**4,355**
	6,292

6. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to shareholders for the year of approximately HK$333,187,000 (2006: HK$24,752,000) and on the weighted average of 1,258,314,000 shares (2006 (restated): 461,406,000 shares) in issue during the year. No dilutive loss per share is presented as the effect of all potential ordinary shares is anti-dilutive. The weighted average number of ordinary shares adopted in the calculation of the basic loss per share for the years of 2007 and 2006 has been adjusted to reflect the impact of the rights issue effected subsequent to the balance sheet date.

No diluted loss per share is presented for year 2006, as the effect of conversion of the convertible bonds into ordinary shares is not considered since the average market price of the Company's shares was substantially lower than the conversion price during the year. As explained in the annual report of year 2006, the necessary conditions for the award of the success fee to A&M have not been met at 31 December 2006 and therefore no contingently issuable ordinary shares in respect of this success fee have been included in the calculation of diluted loss per share.

From continuing operation

The calculation of the basis and diluted loss per share from continuing operations attributable to shareholders is based on the following data:

Loss figures are calculated as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss for the year attributable to shareholders	**333,187**	24,752
Less: Loss for the year from discontinued operations	**(11,818)**	(12,380)
Loss for the purposes of basic loss per share from continuing operations	**321,369**	12,372

From discontinued operations

Basic loss per share for the discontinued operations was HK$0.94 cents (2006: HK$2.68 cents) per share based on the loss for the year from the discontinued operations of HK$11,818,000 (2006: HK$12,380,000) and the denominators detailed above for basis loss per share.

7. INVENTORIES

	2007	2006
	HK$'000	*HK$'000*
Motor trucks and coaches	**32,833**	24,843
Vehicle accessories	**4,241**	8,029
	37,074	32,872
Less: Provision for obsolete and slow-moving inventories	**(4,449)**	(2,517)
	32,625	30,355

At 31 December 2007, the amount of inventories included in above carried at net realisable value totalled approximately HK$700,000 (2006: HK$2,497,000) and the balance of approximately HK$31,925,000 (2006: HK$27,858,000) was stated at cost.

8. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**9,460**	10,265	**–**	–
Other receivables				
Deposits, prepayments and other debtors	**10,017**	8,149	**36**	1,514
	19,477	18,414	**36**	1,514

The Group grants to its customers credit terms ranging from 1 to 3 months. The ageing analysis of the trade receivables at the balance sheet date is as follows:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
0 to under 3 months	**9,190**	10,257
3 to under 6 months	**268**	61
6 to under 9 months	**104**	–
9 to under 12 months	**–**	56
Over 12 months	**5,453**	5,623
	15,015	15,997
Less: Impairment loss on trade receivables	**(5,555)**	(5,732)
	9,460	10,265

Movement in the allowance for doubtful debts is listed below:

	2007	2006
	HK$'000	*HK$'000*
At beginning of year 2007	**5,732**	8,165
Reversal of impairment loss previously recognised	**(177)**	(2,433)
	5,555	5,732

The analysis of trade receivables that were past due but not impaired is as follows:

	2007	2006
	HK$'000	*HK$'000*
Neither past due nor impaired	**8,223**	8,728
Past due but not impaired		
1-90 days	**1,136**	1,409
91-180 days	**55**	–
181-360 days	**46**	128
	9,460	10,265

The Group's neither past due nor impaired trade receivables represent sales made to recognised and creditworthy customers.

9. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**12,066**	14,991	**–**	–
Other payables				
Accrued charges and other creditors	**7,166**	15,098	**1,326**	7,528
	19,232	30,089	**1,326**	7,528

The ageing analysis of the trade payables at the balance sheet date is as follows:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
0 to under 3 months	**10,772**	13,686
3 to under 6 months	**1,043**	1,027
6 to under 9 months	**5**	–
9 to under 12 months	**–**	–
Over 12 months	**246**	278
	12,066	14,991

10. INTEREST-BEARING BORROWINGS

	2007	2006
	HK$'000	*HK$'000*
Secured bank loan	**14,885**	–

	2007	2006
	HK$'000	*HK$'000*
The maturity of the bank borrowing is as follows:		
Repayable in one to two years	**1,493**	–
Repayable after two years but within five years	**2,498**	–
Repayable after five years	**10,894**	–
	14,885	–

Interest is charged on the outstanding balances at floating rate of 4.35% (2006: Nil) per annum.

Two properties were pledged for mortgage loans granted to a subsidiary which loan is guaranteed by the Company to the extent of HK$14,885,000 (2006: Nil). On 14 April 2008, the subsidiary which bore the loan was disposed of and thus the interest-bearing borrowings were classified as current liabilities. *(note 15)*.

11. ZERO COUPON CONVERTIBLE NOTES

	The Group and the Company	
	2007	2006
	HK$'000	*HK$'000*
Liability component		
Fair value at inception	**408,000**	–
Issuing costs	**(10,200)**	–
Amortisation of effective interest	**24,000**	–
Redemption	**(196,640)**	–
At balance sheet date	**225,160**	–
Equity component		
Fair value at inception	**192,000**	–
Issuing costs	**(4,800)**	–
Redemption	**(87,360)**	–
At balance sheet date	**99,840**	–
Liability and equity components	**325,000**	–

12. SEGMENTAL INFORMATION

a. *By business segments*

The Group's continuing operations include the provision of other motor vehicle related services and investing. An analysis by business segment is as follow:

	Year 2007			
	Provision of other motor vehicle related services	**Investing**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Sales to external customers	**3,692**	**668,250**	**–**	**671,942**
Total turnover	**3,692**	**668,250**	**–**	**671,942**
Operating results				
Segment results	**3,132**	**(282,930)**	**(43,431)**	**(323,229)**
Share of profit of an associate				**1,860**
Taxation				**–**
Loss from continuing operations				**(321,369)**
Loss from discontinued operations				**(11,818)**
Loss attributable to shareholders				**(333,187)**
Other information				
Assets – Continuing operations	**12,759**	**421,161**	**19,796**	**453,716**
– Discontinued operations				**52,445**
				506,161
Liabilities – Continuing operations	2,766	15,005	226,486	244,257
– Discontinued operations				15,020
				259,277
Capital expenditure – Continuing operations	–	126,650	–	126,650
– Discontinued operations				1,909
				128,559
Depreciation and other non-cash expenditures – Continuing operations	(248)	231,589	23,494	254,835
– Discontinued operations				3,741
				258,576

	Year 2006			
	Provision of other motor vehicle related services	Investing	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Sales to external customers	3,786	–	–	3,786
Total turnover	3,786	–	–	3,786
Operating results				
Segment results	3,802	–	(16,174)	(12,372)
Taxation				–
Loss from continuing operations				(12,372)
Loss from discontinued operations				(12,380)
Loss attributable to shareholders				(24,752)
Other information				
Assets – Continuing operations	11,307	48,174	2,332	61,813
– Discontinued operations				45,474
				107,287
Liabilities – Continuing operations	2,678	52,539	7,617	62,834
– Discontinued operations				19,794
				82,628
Capital expenditure – Continuing operations	4	–	–	4
– Discontinued operations				3,863
				3,867
Depreciation and other non-cash expenditures – Continuing operations	(476)	–	(36)	(512)
– Discontinued operations				616
				104

b. ***By geographical segments***

The Group's activities are conducted predominantly in Taiwan, Hong Kong and People's Republic of China ("Mainland China"). An analysis by geographical segments is as follows:

	Year 2007				
	Hong Kong	**Mainland China**	**Taiwan**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Turnover	**671,942**	**–**	**–**		**671,942**
Segment results	**(184,055)**	**(92,015)**	**1,408**		**(274,662)**
Profit (Loss) from operations	**(200,350)**	**(100,162)**	**1,533**		**(298,979)**
Assets – Continuing operations	**424,187**	**8,000**	**1,733**	**19,796**	**453,716**
– Discontinued operations					**52,445**
					506,161
Capital expenditure – Continuing operations	**26,650**	**100,000**	**–**	**–**	**126,650**
– Discontinued operations					**1,909**
					128,559

	Year 2006				
	Hong Kong	Mainland China	Taiwan	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	3,786	–	–		3,786
Segment results	3,722	–	–		3,722
Loss from operations	(12,082)	–	–		(12,082)
Assets – Continuing operations	11,307	–	48,174	2,332	61,813
– Discontinued operations					45,474
					107,287
Capital expenditure – Continuing operations	4	–	–	–	4
– Discontinued operations					3,863
					3,867

13. AVAILABLE-FOR-SALE-FINANCIAL ASSETS

	The Group		**The Company**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At cost less impairment loss				
Unlisted equity interest in Taiwan, at cost	**6,908**	6,908	**6,908**	6,908
Unlisted equity interest in Hong Kong at cost	**25,000**	–	**–**	–
Impairment loss recognised	**(31,908)**	(6,908)	**(6,908)**	(6,908)
	–	–	–	–

The unlisted investments represented long-term investments in unlisted equity securities issued by private entities. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

(a) ***Acquisition of interest in a sino-foreign equity joint venture***

On 21 August 2007, the Group entered into a Sale and Purchase Agreement with Mr. Tsang Kai Ming, an independent third party, for acquisition of the entire share capital of Natural Harvest Investments Limited, which holds 61.25% in Talenteam Development Limited ("Talenteam") and on completion of the transaction, Talenteam holds 80% in China Railway Information and Technology Limited (collectively referred to as the "China Railway" or "Project"). Upon the completion of this acquisition, the Group's effective interest in China Railway is 49%. However, these entities were treated as subsidiaries of the Company as the Company has the right to appoint directors to these subsidiaries as to exercise the control of these companies.

The consideration is HK$80,000,000 which had been fully paid on 7 September 2007. The registered capital of China Railway is HK$200,000,000 of which HK$50,000,000 has been paid up. Under a joint venture agreement, Talenteam is committed to pay an additional capital contribution requirement of HK$150,000,000.

Since the Group's effective interest in China Railway is 49%, the equity interest attributable to the Group is approximately HK$25 million. Upon acquisition, the excess of HK$55,000,000 representing the excess of the HK$80,000,000 consideration paid over the Group's share of the interest in China Railway of HK$25,000,000 is recognised as goodwill.

After completion of the Sale and Purchase Agreement, the directors have endeavoured to communicate with the PRC partner in relation to the development of the Project. The Group subsequently discover that the management cannot have the consensus with the PRC partner in relation to the development of the Project. Despite taken all reasonable steps, Management has failed to obtain those previous development information and considered the Group had lost control over these entities. As a result, a director reported to the Criminal Crime Bureau ("CCB") in Hong Kong in November 2007. The CCB is still investigating the said complaint and no prosecution has yet been taken.

The directors consider that the development of the Project as suspended and the goodwill of HK$55,000,000 recognised will not generate future economic benefit to the Group. A full impairment loss has been recognised immediately, leaving a net carrying amount of HK$25,000,000 of interest in China Railway.

The directors consider the lost of control occurred in November 2007. As a result, the remaining interest in China Railway of HK$25,000,000 has been reclassified as available for sale financial instrument.

The directors have sought advice from a PRC legal counsel in order to assist them to assess the value of these investments. According to the legal opinion, it is probable that the Group will win if the Company files a lawsuit. However, even the Company can eventually obtain a court order, it is still in doubt whether the court order can be successfully enforceable. In addition, the PRC investment partner has submitted an arbitration proceedings in PRC against Talenteam demanding the remaining HK$150,000,000 additional capital injection plus related interests of RMB 2,250,000 and pecuniary loss of HK$150,000,000. A defence to deny has been filed against the claim and it is probable that it would be supported by the China International Economic and Trade Arbitration Commission according to the legal opinion. The directors believe at this early stage the probability of being successfully claimed is low and no provision is considered necessary. Also, taken the above into consideration, the chance of recovering the Project is considered as remote and the Group has made a further impairment loss of HK$25,000,000 against the remaining interest in China Railway. Since the contract in relation to the matter was dragged and concluded in Hong Kong, the Group is going to obtain a legal opinion from a Hong Kong lawyer regarding the matter.

According to HKAS 27, the results of subsidiaries up to the date of lost of control should be consolidated into the Group's financial statements. However, since the directors could not obtain the financial information of the entities after taken all reasonable steps, no results had been consolidated into the Group's financials statements. Although the reason for such non-consolidation is not one of the reasons for exclusion provided for in HKAS 27, directors believe that the results of the Projects during the three months period up to the lost of control would not be material to the financial statements as it would have just started the relevant registration procedures without any business operations. Furthermore, it would only affect the classification of the components within the income statement since the whole interest in China Railway has been impaired in the income statement without any impact on the balance sheet as at 31 December 2007. The Directors consider there would be no material impact on the overall presentation of the financial statements in this regard.

14. CONTINGENT LIABILITIES

Alleged agreement on investment in a customer

Mr. Lo Chia Yu ("**Mr. Lo**") has allegedly claimed a verbal agreement was entered into on 12 March 2002 between Mr. Lo and Forefront Automotive Services Company Limited ("**FAS**"), a wholly owned subsidiary of the Company, whereby FAS has agreed to purchase and Mr. Lo has agreed to sell 13% of the share capital of Global Travel Holdings Limited ("Global Travel") at a consideration of HK$7,800,000. FAS position is that the agreement was subject to it conducting due diligence on Global Travel to its satisfaction. As requested, FAS paid a deposit of HK$2,000,000 to Mr. Lo. Subsequently, the accountant firm employed by the FAS reported unsatisfactory due diligence, therefore FAS did not elect to proceed with the alleged agreement. Mr. Lo has filed proceedings claiming HK$7,800,000 together with alternative damage and FAS has lodged a counter claim to Mr. Lo for return of the HK$2,000,000 paid as deposit. A contingent liability netting off the counter claims as set out above amounting to HK$5,800,000 are alleged to be due from FAS to Global Travel. The matter has not progressed after an initial hearing and was adjourned to a further date to be determined by the court subject to its receipt of sufficient document from the two parties. The Company has not received any notice in relation to any specific dates for any further hearing.

Alleged claim for investment lost in the Company's shares

In October 2006, Gains Investment Corporation and 景裕國際股份有限公司 claimed that Yang Kwn San's family ("Yang Family") had defrauded them to acquire the Company's Shares and also dissipated FIAL's assets. The plaintiffs sued the Company, Taiwan Subsidiaries and the Yang Family for damages of NT$1,520,000 (approximately HK$366,000) in the Taiwanese court. The Company's Taiwan legal advisors advised that the case is pending and no hearing date has been set.

Alleged claim from a PRC investment partner

On 21 August 2007, the Group entered into a Sale & Purchase agreement for acquisition of the entire share capital of Natural Harvest Investments Limited, which holds 61.25% in Talenteam Development Limited ("Talenteam") and on completion of the transaction, Talenteam holds 80% in China Railway Information and Technology Limited (collectively referred to as the "China Railway" or "Project"). The consideration is HK$80,000,000 which had been fully paid on 7 September 2007. The registered capital of China Railway is HK$200,000,000 of which HK$50,000,000 has been paid up. Under a joint venture agreement, Talenteam is committed to pay an additional capital contribution requirement of HK$150,000,000.

The PRC investment partner has submitted an arbitration proceedings in PRC against the Company's subsidiary demanding the remaining HK$150,000,000 additional capital injection plus related interests of RMB2,250,000 and pecuniary loss of HK$150,000,000. The Group has filed a defence to deny the claim and the directors consider it is probable that the defence would be supported by the China International Economic and Trade Arbitration Commission. The directors believe at this early stage the probability of being successfully claimed is low and no provision is considered necessary.

15. POST BALANCE SHEET EVENTS

Placing of Shares

The Company entered into a placing agreement with Get Nice Investment Limited to place 294,983,744 placing shares at HK$0.2 per share to independent third parties. The transaction was completed in February 2008 and net proceed of HK$57,522,000 was received.

Granting of unsecured revolving loan to an association

On 14 March, 2008 Crown Creation Limited (the "Lender") and Leapfly Limited (the "Borrower"), both of them are wholly owned subsidiaries of the Group have entered into an agreement for an unsecured revolving loan of HK$5 million in principal at interest rate of prime plus 2.5% per annum. The loan will be used to finance Tianjin Kai Sheng Automobile Service Co., Limited ("Tianjin Kai Sheng") to enhance and expand its automobiles distribution. Mr. Zhuang You Dao, being the director of the Company, is the guarantor of the loan and substantial shareholder of Tianjin Kai Sheng.

Rights Issue

On 4 December 2007, the Group announced that it proposed to raise not less than HK$172 million after expenses by way of rights issue of 892,906,512 rights shares to the qualifying shareholders at a price of HK$0.2 per rights share on the basis of one rights share for every two existing shares held on the record date (i.e. 3 January 2008).

On 22 January 2008, an aggregate of 1,911,064,032 rights shares and excess right shares have been applied for, representing 133.39% of the total number of 892,906,512 rights shares offered under the Rights issue.

Immediately after completion of the Rights Issue, the Company's share capital increased from 1,785,813,024 shares to 2,678,719,536 shares. The net proceeds from the Rights issues is HK$172 million.

Disposal of subsidiaries

On 14 April 2008, the Group entered into a sale and purchases agreement with Willie International Holding Limited, a shareholder of the Group, to dispose of the Group's interest in a subsidiary, Allied Well Development Limited at a consideration of HK$20 million, which shall be satisfied by the issue and allotment of 160 million consideration shares of Willie International Holding Limited.

Allied Well is a wholly-owned subsidiary of the Group which directly held 100% of the issued capital of Hostbest Limited, which held properties in Hong Kong.

Redemption of convertible notes

In December 2007, convertible notes of HK$280 million were redeemed upon received of redemption notices from convertible notes holders. The remaining balance of HK$320 million were subsequently redeemed in January 2008 also upon received of redemption notices in the same month.

SUMMARY OF AUDITORS' REPORT

The Audit Committee of the Company has reviewed the annual results. A summary of the draft auditors' report to the shareholders of the Company is set out below:

Basis for qualified opinion

(1) The auditors' report on the financial statements of the Group for the year ended 31 December 2006 was qualified because of a limitation of scope with regard to the Taiwan Subsidiaries. Details of the limitation are more fully explained in the 2006 annual report.

As further detailed in note 2 to the financial statements, the Group disposed of its entire interest in the Taiwan Subsidiaries during the year. Because of the matters leading to the qualification on the opening balance of the interests in the unconsolidated Taiwan Subsidiaries amounted to HK$48,174,000 remained unresolved, we had not been able to conduct the audit procedures we consider necessary to determine as to whether the gain on disposal of the Taiwan Subsidiaries for the year ended 31 December 2007 of HK$1,422,000 requires further adjustments. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the recorded gain on disposal was free from misstatements that may have an impact on the component of the Group's results for the year ended 31 December 2007.

(2) Because of the reason set out in paragraph (1), the results of the Taiwan Subsidiaries for the period from 1 January 2007 up to the date of disposal were excluded from the Group's consolidated income statement for the year ended 31 December 2007. Whilst the directors consider that the exclusion of these subsidiaries is the best way of presenting the Group's results for the year in the circumstances, the reason for the exclusion is not one of the reasons as provided in HKAS 27 "Consolidated and Separate Financial Statements" and, in this respect, the financial statements are not in compliance with HKAS 27. However, any adjustments to consolidate the results of the Taiwan Subsidiaries for the period up to the date of disposal would have no impact on the financial position of the Group as at 31 December 2007 and its net results for the year then ended.

Qualified opinion arising from limitation of audit scope

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2007 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. Except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the gain on disposal of the Taiwan Subsidiaries, the financial statements give a true and fair view of the Group's loss and cash flows for the year then ended.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2006 : Nil)

BUSINESS REVIEW AND PROSPECTS

FINANCIAL RESULTS

The Group's consolidated loss for the year ended 31 December 2007 was HK$333,187,000 compared with last year's attributable loss of HK$24,752,000. The net assets value of the Group increased from HK$24,659,000 as at 31 December 2006 to HK$246,884,000 as at 31 December 2007.

Revenue for the year amounted to HK$756,527,000, of which HK$84,585,000 was classified under discontinued operations. Revenue for the year ended 31 December 2006 was HK$94,987,000, of which HK$91,201,000 was classified under discontinued operations.

The increase in turnover was mainly attributable to securities transaction at approximately HK$668,250,000.

Total expenses increase from HK$16,205,000 in year 2006 to HK$268,998,000 in year 2007 mainly due to unrealised loss on short term investment holding amounting to HK$139,420,000. General and administrative expenses increased from HK$15,919,000 in year 2006 to HK$129,241,000 in year 2007. The increase was mainly due to impairment of goodwill from acquisition of interest in an associate amounting to HK$12,000,000; impairment of goodwill regarding investment in China Railway e-ticketing system project of HK$55,000,000 with further recognition of impairment loss of HK$25,000,000 after subsequent reclassification as available for sale investment, and share based payment in respect of staff share option amounted to HK$14,762,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company resumed the trading of its shares in the Stock Exchange of Hong Kong Limited on 18 April 2007 since its suspension on 14 May 2004.

The Company changed its name from "Forefront International Holdings Limited" to "Forefront Group Limited" and adopt "福方集團有限公司" as its Chinese name after at an Extraordinary General Meeting on 29 June 2007.

The Group has the following major business activities during the year:

Scania Business

During the year, the trading of Scania motor trucks, coaches, vehicle accessories and provision of repairs and maintaining services remain approximately the same level as last year.

On 1 October 2007, the Group was informed by Scania CV Aktiebolag (the "Scania") their intention of not to renew distribution agreements after the expiry of such agreements on 26 October 2008. Discussions and negotiations were held with Scania representatives in which, agreements for sale of certain assets and spare parts and a memorandum of understanding (the "MOU") to sell a subsidiary in Shenzhen of the Company were signed on 15 February 2008. A contract for the sales of the Shenzhen subsidiary was finally signed on 1 April 2008 between the parties. According to the MOU, those distribution agreements were treated as expired on 31 March 2008 instead of 26 October 2008. The Group inevitably discontinued all related business regarding the Scania's distributionship since 31 March 2008.

Investment in e-ticketing system in PRC

On 21 August 2007, Great Journey Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire the entire issued share capital of Natural Harvest Investments Limited. Natural Harvest Investment Limited effectively held 49% of equity interest in a PRC Joint Venture (China Railway Information and Technology Limited). China Railway Information and Technology Limited originally had planned for the development, management and operation of an e-ticketing system for railway passengers and related freight cargo services in the PRC by utilising the China Railway Web Portal. The acquisition was completed on 7 September 2007. After the completion of the sale and purchase agreement, the PRC partner refused to provide information of the financing positions, the situation of the injected funds as well as the status of the web portal projects. On the other hand, they requested immediate capital injection of an additional capital contribution HK$150 million pursuant to a joint venture agreement. The PRC partner has also commenced arbitration proceedings in PRC on the capital injection matter. The Group has obtained a PRC legal opinion and believes that the probability of being successfully claimed by the PRC partner is remote. Legal action against the PRC partner for redress by the Group has not been commenced as the Group is awaiting the result of a similar action by an independent party against the PRC partner. In view of the PRC legal opinion and actual situation, the Board made a full impairment on the investment.

Tianjin Motor Business

On 11 October 2007, an indirect wholly-owned subsidiary of the Company, Crown Creation Limited, entered into a sale and purchase agreement with Z & Z International Limited to acquire the entire issued share capital of Leapfly Limited. Leapfly Limited holds the entire issued share capital of Suntrend China Limited. Upon completion, Suntrend China will hold 50% of the equity interest in Tianjin Kai Sheng Automobiles Service Co., Ltd. ("Tianjin Kai Sheng"). Tianjin Kai Sheng and its subsidiaries operate automobile sale and repair centers in Tianjin. The centers provide repair and after-sale services under the authorisaton of General Motor Asia, Inc. and Zhong Ji Subaru (Beijing) Vehicles Sales Co., Ltd. In addition, Tianjin Kai Sheng and its subsidiaries also provide sales and after-sales services for Zhengzhou Nissan under the authorization granted by Zhengzhen Nissan Automobiles Sales Company Limited. The sale and purchase agreement was completed on 23 November 2007. Tianjin Kai Sheng expects to generate profit after the carry out of its expansion scheme into Zhengzhou.

Logistic Services

On 13 September 2007, an indirect wholly-owned subsidiary of the Company, Smart Oriental Limited, invested 40% of the enlarged issued share capital of Golden Fame International Investment Group Limited ("GFIIGL"). GFIIGL provides various logistic services in Hong Kong and PRC. GFIIGL has contributed profit of approximately HK$2 million to the Group's results for the year 2007.

Property Investment

On 3 August 2007, with the anticipated requirement of office spaces to accommodate the PRC partner to operate in Hong Kong on the e-ticketing project, Hostbest Limited an indirect wholly-owned subsidiary of the Company entered into two sales and purchase agreements to acquire Unit 1 to 3 , 22/F., China United Centre, No 28 Marble Road, North Point, Hong Kong at a consideration of HK$15.8 million and Unit 5 to 9, 22/F., China United Centre, No. 28 Marble Road, North Point, Hong Kong at a consideration of HK$13.3 million. These purchase were completed on 27 August 2007. On 14 April 2008, the Group disposed of these two properties together with the mortgage loans through disposal of the entire issued share capital of Allied Well Development Limited, the immediate holding company of Hostbest Limited, in exchange for a consideration of 160,000,000 ordinary share of Willie International Holdings Limited at share price fixing at HK$0.126 per share. Willie International Holdings Limited is a company listed in the Stock Exchange of Hong Kong Limited.

Trading of securities

The Group invested its surplus cash in Hong Kong's listed securities as a short-term investment. The Hong Kong stock market underwent a severe correction as a result of the US subprime mortgage crisis. At the end of year the Group recorded a realised and unrealised loss of HK$52.2 million and HK$13.9 million respectively.

Prospect

The Group's outstanding convertibles notes have all been redeemed after the balance sheet date. The Group has successfully carry out a rights issue exercise and enhanced its capital base by approximately HK$172,000,000 in February 2008. As at fiscal year end, the Group's cash resource stood at HK$162.9 million. The Group is in an advantageous position to take on new business opportunity as and when they arise.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES

The Group financed its operations largely through internal generated cash flows from its operations activities and fund raising activities through issue of shares and convertible notes. As at the balance sheet date, the Group maintained cash and cash equivalents of approximately HK$162.9 million (2006: HK$6.3 million). The increase came from the subscription of the Company's shares by Wealth Style Limited, placing of shares and issue of convertible notes during the year after resumption of trading of the Company's shares in the Stock Exchange of Hong Kong Limited.

As at 31 December 2007, investment properties of HK$30,065,000 were pledged to a bank to secure loan facilities granted to a indirect wholly owned subsidiary of the Group for the purchase of the investment properties. (2006: nil). The gearing ratio, calculated as total borrowings divided by total net assets stated at 97.23% (2006: 0%).

As at 31 December 2007, the Group's net asset value amounted to approximately HK$246.9 million (2006: HK$24.7 million) with total assets approximately HK$506.2 million (2006: HK$107.3 million). Net current assets were approximately HK$174.9 million (2006 : HK$21.1 million) and the current ratio was 1.67 times (2006: 1.26 times). The existing available cash and bank balance are considered adequate liquidity and capital resources for the Group's operation requirements.

CAPITAL STRUCTURE

On 7 December 2006, the Company entered into a subscription agreement with Wealth Style Limited under which the Company agreed to allot and issue not less than 51% and not more than 53.22 % of the enlarged issued share capital of the Company, at a price per share of between HK$0.2130 and HK$0.2293, thereby raising between HK$100 million and HK$104 million. The subscription was completed on 18 April 2007 and 488,447,736 shares were issued at HK$0.213 per share. The Company received net proceeds of approximately HK$98.5 million form the subscription for the Group's general working capital, to development of service centers and exhibition halls in PRC and possible development of an auto-leasing business in the PRC.

On 17 April 2007, 10,894,300 option shares were granted to Mr. Jerry Liu, the former senior advisor of the Company. Mr. Liu exercised the option in fully on 6 August 2007 and the Company received net proceeds of approximately HK$2,300,000.

The grant of share option to Mr. Liu was approved by independent shareholders on 30 March 2007.

On 18 April 2007, the Company allotted 33,520,923 shares equivalent to 3.5% of the Company's issued share capital immediately prior to issuance to Alvearez & Marsal Asia Limited as part of the success fee for the resumption of trading of the Company' shares in the Stock Exchange of Hong Kong Limited.

On 23 May 2007, by top-up placing, the Company through a placing agent to place 191,548,000 shares to independent investors at the placing price of HK$0.26 per share, the placing was completed on 4 June 2007. The Company received a net proceed of approximately HK$48.4 million from the subscription which were intended to be used for working capital and settlement of remaining balance of investment cost to complete the incorporation of a subsidiary in Shenzhen.

At an Extraordinary General Meeting of the shareholders of the Company held on 29 June 2007, the shareholders of the Company approved the increase in the authorized share capital of the Company from HK$130,000,000 divided into 1,300,000,000 share to HK$1,000,000,000 shares by the creation of additional 8,700,000,000 unissued shares of HK$0.10 each. The increase is to accommodate future expansion and growth of the Group.

On 3 July 2007, the Company entered into a placing agreement on a fully underwritten basis, through a placing agent, to place 229,856,000 shares to independent investors at placing price of HK$0.38 per share. The 229,856,000 new shares were issued by the Company under the issue mandate. The subscription was completed on 12 July 2007. The Company received net proceed from the subscription of approximately HK$85 million and to be used for general working capital and/or development of mass transit transportation, logistics and related business investments.

On 9 July 2007, the Company entered into placing agreements through a placing agent to place, on underwritten basis, HK$150 million and on best effort basis to place HK$600 million convertible notes. The convertible notes mature date is on 3 December 2010 and at a conversion price of HK$0.50 per share. These placings were approved by an Extraordinary General Meeting of the Company held on 6 August 2007. The Company issued HK$150 million and HK$600 million convertible notes on 10 August 2007 and 16 August 2007 of which the HK$150 million had been converted into the Company's shares on 10 August 2007. For the HK$600 million convertible notes, the Company redeemed HK$280 million before the balance sheet date and redeemed all outstanding amount of HK$320 million on 29 January 2008.

On 10 July 2007, 95,774,065 share options were granted to certain employees of the Group. The options were fully exercised on the same day and the Company received net proceeds of approximately HK$46,000,000.

Pledge of Assets

As at 31st December 2007, the Group's two investment properties were pledge to a bank for mortgage loans of total amount of HK$14,885,000 to a subsidiary which holds the properties. Those mortgage loans were guaranteed by the Company.

As at 31 December 2007, the Group has deposits of approximately HK$558,000 (2006: HK$558,000) as collateral to satisfy contingent warranty and delivery obligations in relation to certain sales contracts.

Employment, training and remuneration policy

As at 31 December 2007, the Group had 111 employees, 102 of these employees were located in Hong Kong and 9 in Mainland China and Macau.

The policy of employee remuneration, bonus, share option scheme and training are commensurate with performance and comparable to the market rate. The Group is committed to staff training course to its employee. External training may be provided to individual employees as and when necessary according to their nature of work.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the financial year ended 31 December 2007 except for Code Provision A.2 as the Company has no such title as the chief executive officer but the daily operation and management of the Company is monitored by the executive directors.

Further information is set out in the Corporate Governance Report contained in the annual report for 2007.

COMPLIANCE WITH MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions and dealings (the "Code of Conduct") based on the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The terms of Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all the relevant persons as defined therein. Specific enquire has been made of all directors of the Company who have confirmed in writing their compliance with the required standards set out in the Code of Conduct during the year under review.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2007 , including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at http://www.forefront.com.hk and the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The 2007 annual report of the Company will be dispatched to the shareholders of the Company and available on the above website in due course.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

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

Hong Kong, 25 April 2008

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Yeung Ming Kwong, Ms. Lo Oi Kwok, Sheree, Mr. Ting Wing Cheung, Sherman, Mr. Louis Wen, Mr. Zhou Qi Jin and Mr. Zhuang You Dao; 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.