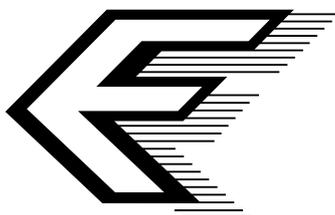


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FOREFRONT INTERNATIONAL HOLDINGS LIMITED

福方國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 0885)

ANNOUNCEMENT AND SUSPENSION OF TRADING

Wise Dynasty Limited is suing the Company and Cyber Centre for HK\$8 million plus interest and costs and is seeking vacant possession of the Property.

The Alleged Loan, loan agreement, the Alleged Legal Charge over the Property and the cheque raised in favour of Wise Dynasty Limited were not authorized by the Board nor were monies received by the Group in relation to the alleged loan.

On 2 February 2004 the Company announced that the Group had issued US\$15 million Zero Coupon Convertible Bonds. To-date proceeds of only US\$10 million have been banked. Mr. Michael Tsai has represented that he is the subscriber of the outstanding US\$5 million portion of the bonds. The Company is seeking legal advice regarding this matter. In addition, the Board is seeking further information from the manager of the Bond issue.

The irregularities have been reported to the CCB.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 14 May 2004 at the request of the Company pending the release of price-sensitive information. Trading in the shares of the Company on the Stock Exchange will remain suspended pending clarification of the above matters.

* *For identification purposes only*

Two Legal Proceedings Against the Group

The Group has received a claim from Wise Dynasty Limited for HK\$8 million plus interest and costs thereon and is seeking vacant possession of the Property. The Group denies the claims.

Wise Dynasty Limited alleges that it lent HK\$20 million to Cyber Centre on 9 March 2004 (the “**Alleged Loan**”). Wise Dynasty Limited further alleges, inter alia, that:

- (a) the Alleged Loan is evidenced by a loan agreement;
- (b) HK\$12 million of the Alleged Loan has been repaid; and
- (c) the Alleged Loan is secured by a legal charge given by Cyber Centre on 9 March 2004 over the Property (the “**Alleged Legal Charge**”).

Two legal proceedings have been commenced by Wise Dynasty Limited in respect of the Alleged Loan, being:

- (a) a writ of summons has been issued by Wise Dynasty Limited on 19 May 2004 against the Company for the sum of HK\$8 million, being the amount of a cheque allegedly issued by the Company in repayment of the balance of the Alleged Loan, together with interest and costs; and
- (b) an originating summons has been issued by Wise Dynasty Limited on 16 June 2004 against Cyber Centre seeking the court’s determination, inter alia, of the following matters:
 - (i) the payment of all monies allegedly due under the Alleged Legal Charge; and
 - (ii) an order for delivery of vacant possession of the Property by Cyber Centre to Wise Dynasty Limited.

Based upon information available to the Board up to the date of this announcement:

- (a) neither the Company, Cyber Centre nor any other subsidiaries of the Group ever received any monies from Wise Dynasty Limited;

- (b) neither the Company, Cyber Centre nor any other subsidiaries of the Group ever paid monies to Wise Dynasty Limited;
- (c) the Board at the relevant time did not authorize any of the Alleged Loan, the execution of an alleged loan agreement with Wise Dynasty Limited and the Alleged Legal Charge, nor the issuance of a cheque in favour of Wise Dynasty Limited; and
- (d) the board of directors of Cyber Centre at the time of the alleged loan (which comprised Mr. Yang and Mr. So George Siu Ming) did not authorize any of the Alleged Loan, the execution of an alleged loan agreement with Wise Dynasty Limited, nor the Alleged Legal Charge.

The Board promptly reported the irregularities to the CCB. As at the date of this announcement, the outcome of the CCB's investigation is still pending.

Further disclosure will be made by way of announcement of material developments in the litigation above and the steps taken by the Board to address irregularities discovered.

Zero Coupon Convertible Bond

On 2 February 2004 the Company announced that the Group issued US\$15 million Zero Coupon Convertible Bonds. According to management of the Company, proceeds of only US\$10 million has been banked to-date in relation to the bond issue.

Mr. Michael Tsai has represented himself to the Company as the subscriber of the outstanding US\$5 million portion of the Convertible Bonds. Mr. Michael Tsai has further represented that a cheque for HK\$38,218,000 issued in favor of the Company by Ms. Lee Pei Fen is in consideration of his US\$5 million Bond subscription. The Company is trying to confirm and verify Mr. Michael Tsai's representations.

The Board is seeking legal advice regarding this matter. In addition the Board is seeking further information from the manager of the Bond issue on the actual events and has commenced negotiations with Mr. Michael Tsai for settlement.

Suspension of Trading

Trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 14 May 2004 at the request of the Company pending the release of price-sensitive information. Trading in the shares of the Company on the Stock Exchange will remain suspended pending release of more detailed clarification of the above matters.

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings: -

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|------------------------|---|
| “Alleged Legal Charge” | has the meaning ascribed to it on this announcement; |
| “Alleged Loan” | has the meaning ascribed to it on this announcement; |
| “Board” | the board of directors; |
| “CCB” | Commercial Crime Bureau of the Hong Kong Police Force; |
| “Convertible Bonds” | has the meaning ascribed to it on this announcement; |
| “Cyber Centre” | Cyber Centre Limited, an indirect wholly owned subsidiary of the Company and a company incorporated in Hong Kong; |
| “Company” | Forefront International Holdings Limited, a company incorporated in the Cayman Islands on 10 September 1998 with limited liability, the shares of which are listed on the Stock Exchange; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |

| | |
|------------------------|---|
| “Mr. Yang” | Mr. Yang Chien Chi, Allen; |
| “Property” | a property situated at Forefront Cyber Centre, 9 Fui Sha Wai Lane, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong (Lot No. 2020 and Section B of Lot No. 1234 in Demarcation District No. 121, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong), and whose open market value was estimated to be HK\$48,200,000 according to independent valuation as at 31 December 2003; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “US\$” | dollars of the United States of America; and |
| “Wise Dynasty Limited” | Wise Dynasty Limited, being the lender of the Alleged Loan. |

As at the date of this announcement, the Board comprises Mr. Kelvin Edward Flynn as sole executive director, Mr. Paul Gerard Davies and Mr. Cosimo Borrelli as non-executive directors and Mr. Lau Siu Ki, Kevin, Mr. Cheong Ying Chew, Henry, Mr. Selwyn Mar and Mr. Allistair Macleod as independent non-executive directors.

By Order of the Board
Kelvin Edward Flynn
Executive director

Hong Kong, 14 September 2004

Please also refer to the published version of this announcement in The Standard.