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FOREFRONT GROUP LIMITED

(formerly known as Forefront International Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

SIGNING AND CANCELLATION OF AGREEMENT

On 26 July 2007, the Purchaser, which is an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the entire issued share capital of Leapfly at a consideration of HK\$39,000,000. Leapfly is an investment holding company which holds the Option.

The terms and conditions of the S&P Agreement including the date of completion of the Acquisition were formulated on the basis that the proposed Acquisition will constitute a discloseable transaction for the Company pursuant to the Listing Rules and no Shareholders' approval thereof will be required. However, the Stock Exchange considers that such classification as a discloseable transaction is not in compliance with Rule 14.75 of the Listing Rules. As completion of the Acquisition is due to take place within 14 days after signing of the S&P Agreement and the terms and conditions of the S&P Agreement will have to be re-negotiated such that the classification of the transaction is in compliance with Rule 14.75 of the Listing Rules, after discussions with the Vendor, the Purchaser and the Vendor entered into the Cancellation Agreement on 1 August 2007 to cancel the S&P Agreement with effect from the date thereof.

* For identification purposes only

Trading in the Shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 26 July 2007 pending the release of the announcement in relation to the proposed Acquisition and the announcement in relation to a mass transit transportation ticketing project. Trading in Shares of the Company remains suspended pending the release of an announcement in relation to the mass transit transportation ticketing project.

Reference is made to the announcement of the Company dated 24 July 2007 regarding, inter alia, the possible acquisition of a company incorporated in the British Virgin Islands which has an option right to own 50% interest in a sino-foreign company in Tianjin, the PRC and the possible investment in a mass transit transportation ticketing project.

S&P AGREEMENT DATED 26 JULY 2007

The Board wishes to announce that on 26 July 2007, the Purchaser, which is an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the entire issued share capital of Leapfly at a consideration of HK\$39,000,000. Leapfly is an investment holding company which holds the Option. Tianjin Kai Sheng was established in the PRC and its scope of business includes the provision of repair services for automobile and the sales and distribution of Nissan motor vehicles. The Board considers the proposed Acquisition would allow the Company to widen its business in the PRC and further develop its automobile business.

CANCELLATION AGREEMENT DATED 1 AUGUST 2007

The terms and conditions of the S&P Agreement including the date of completion of the Acquisition were formulated on the basis that the proposed Acquisition will constitute a discloseable transaction for the Company pursuant to the Listing Rules and no Shareholders' approval thereof will be required. However, the Stock Exchange considers that such classification as a discloseable transaction is not in compliance with Rule 14.75 of the Listing Rules.. As completion of the Acquisition is due to take place within 14 days after signing of the S&P Agreement and the terms and conditions of the S&P Agreement will have to be re-negotiated such that the classification of the transaction is in compliance with Rule 14.75 of the Listing Rules, after discussions with the Vendor, the Purchaser and the Vendor entered into the Cancellation Agreement on 1 August 2007 to cancel the S&P Agreement with effect from the date thereof.

Pursuant to the S&P Agreement, the Company had paid a deposit of HK\$11,700,000 which represents 30% of the consideration for the Acquisition to the Vendor upon the signing of the S&P Agreement. As stipulated in the Cancellation Agreement, the Vendor has fully refunded the deposit to the Company upon the signing of the Cancellation Agreement. Upon the signing of the Cancellation Agreement and the refund of the deposit, none of the parties to the S&P Agreement shall have any claim of any nature against any other of them. The Directors are of the view that cancellation of the S&P Agreement does not have any material adverse financial impact on the Company.

The Company may re-consider the proposed Acquisition again in the future as and when the Board considers appropriate and will issue an announcement if and when such acquisition or investment becomes material to the extent required under the Listing Rules.

GENERAL

Trading in the Shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 26 July 2007 pending the release of the announcement in relation to the proposed Acquisition and the announcement in relation to a mass transit transportation ticketing project. Trading in Shares of the Company remains suspended pending the release of an announcement in relation to the mass transit transportation ticketing project.

DEFINITIONS

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

“Acquisition”	acquisition of the Sale Share by the Purchaser from the Vendor
“Board”	board of Directors
“Cancellation Agreement”	cancellation agreement dated 1 August 2007 made between the Vendor and the Purchaser for cancellation of the S&P Agreement
“Company”	Forefront Group Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange

“Director(s)”	director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Leapfly”	Leapfly Limited, a company incorporated in the British Virgin Islands
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Option”	call option to acquire 50% equity interest in the registered capital of Tianjin Kai Sheng pursuant to an option deed dated 31 May 2005 made between Leapfly and the non-PRC party in the joint venture contract for the establishment of Tianjin Kai Sheng, which call option is exercisable at any time during a period of 2 years commencing on 1 September 2008 until 1 August 2010 at an exercise price of HK\$10
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Crown Creation Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“S&P Agreement”	agreement for sale and purchase dated 26 July 2007 entered into between the Vendor and the Purchaser in relation to the proposed Acquisition
“Sale Share”	1 share of USD1.00 in the capital of Leapfly, representing the entire issued share capital of Leapfly
“Shares”	ordinary shares of a nominal value of HK\$0.10 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Kai Sheng”	Tianjin Kai Sheng Automobile Service Co. Ltd. 天津市凱聲汽車維修有限公司, a sino-foreign equity joint venture company established in the PRC
“Vendor”	Z & Z International Limited (formerly known as Mega Favor Limited), a company incorporated in the British Virgin Islands which is the beneficial owner of the Sale Share
“%”	per cent.

Hong Kong, 1 August 2007

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