

**CHINA RAILWAY INVESTMENTS GROUP (HONGKONG) LTD:
HERE'S A \$HK207-MILLION CONUNDRUM
FOR SOMEBODY TO PONDER**

What Percentage Does The Company Own In Forefront Group Ltd ?

A company, domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) with an Issued and Fully Paid-Up Share Capital of \$HK500 million, has just been sued for not less than \$HK207.34 million.

The company is China Railway Investments Group (Hongkong) Ltd ([]), whose lone Director is Mr Wang Jing ().

But there may well be more to this matter than just Money Due and Owing, according to **TARGET's** investigations.

Questions may well be raised about certain striking coincidences, some or all of which may be considered contrary to what may be considered morally correct and proper.

Two Actions, filed in the High Court of the HKSAR, have been lodged, during the past 6 days, one claiming \$HK54,645,016.48 from China Railway Investments Group (Hongkong) Ltd and one claiming \$HK152,692,124 from this company.

The earlier Action, filed last Thursday, is between Chung Nam Securities Ltd () and China Railway Investments Group (Hongkong) Ltd, First Defendant, and Mr Wang Jing, Second Defendant, and the later Action, filed last Friday, is between Capital Union Incorporated and China Railway Investments Group (Hongkong) Ltd.

China Railway Investments Group (Hongkong) Ltd is, directly, related to a joint venture which was undertaken in the HKSAR, just last September, that joint venture, having been described in some details in the official announcement of publicly listed Forefront Group Ltd () (Code: 885, Main Board, The Stock Exchange of Hongkong Ltd).

More about this matter, later on in this exclusive report..

The First Action

High Court Action, Number 2418, alleges that China Railway Investments Group (Hongkong) Ltd was a client of Chung Nam Securities Ltd, the last-named company, being in the business '*of stock and share brokerage to subscribe for, underwrite, buy, hold, sell and deal in stocks, shares, obligations and securities in Hong Kong*', according to the Statement of Claim, attached to Writ of Summons, Number 2418.

The Second Defendant, Mr Wang Jing, is a Director of China Railway Investments Group (Hongkong) Ltd as well as being a Guarantor of the First Defendant.

It is alleged that China Railway Investments Group (Hongkong) Ltd opened a Margin Account with the Plaintiff on August 8, 2007 – Account Number 907815.

Paragraph 5 of the Statement of Claim alleges:

'At the opening of the Account, the 1st Defendant has from time to time given instructions to

the Plaintiff to purchase a total number of 140,000,000 shares in Forefront Group Limited (HKSE Code 885) and the Plaintiff advanced HK\$54,136,013.38 (“the Principal Sum”) to the Defendant for the said purchase.’

The interest rate on loans, extended to China Railway Investments Group (Hongkong) Ltd by the Plaintiff, was said to be the Hongkong Prime Rate plus 30 percent per annum.

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