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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

The Board wishes to announce that on 24 March 2010 after trading hours, the Company entered into the Sale and Purchase Agreement, subject to the satisfaction of the conditions set out below, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share and the Shareholder's Loan for a consideration of HK\$100,000,000, which shall be completely satisfied by the issue and allotment by the Company of the Consideration Shares.

On the basis that the issued share capital of the Company comprises 1,954,940,401 Shares as at the date of this announcement, the Consideration Shares represent (i) approximately 20.46% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 16.99% of the enlarged share capital of the Company immediately following the issue and allotment of the Consideration Shares.

Completion shall take place on the fifth Business Days after the satisfaction or (as the case may be) waiver of all the conditions precedent under the Sale and Purchase Agreement.

* For identification purpose only

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and the Consideration Shares will be allotted and issued under the Special Mandate to be sought at the Extraordinary General Meeting.

A circular containing, among other matters, further details of the Sale and Purchase Agreement and a notice convening the Extraordinary General Meeting to consider and (if thought fit) to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Special Mandate to cover the allotment and issue of the Consideration Shares) will be despatched to the Shareholders in accordance with the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 24 March 2010 after trading hours, the Company entered into the Sale and Purchase Agreement whereby, subject to the satisfaction of the conditions set out below, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share and the Shareholder's Loan for a consideration of HK\$100,000,000, which shall be completely satisfied by the issue and allotment by the Company of the Consideration Shares.

On the basis that the issued share capital of the Company comprises 1,954,940,401 Shares as at the date of this announcement, the Consideration Shares represent (i) approximately 20.46% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 16.99% of the enlarged share capital of the Company immediately following the issue and allotment of the Consideration Shares.

Completion shall take place on the fifth Business Day after the satisfaction or waiver (as the case may be) of all the conditions precedent under the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

24 March 2010

Parties

Vendor : Grace Shine Investments Limited, a non-wholly owned subsidiary of Willie International.

Save that Mr. Wen Louis, an executive Director, is also an independent non-executive director of Willie International, to the best of the Directors' knowledge, information and belief having made reasonable enquiry, each of Willie International, Grace Shine Investments Limited and their respective associates are third parties independent of, and not connected to, the Company and its connected persons and they are not connected persons of the Company.

Purchaser : the Company.

Assets to be acquired

- (i) One share in the Target Company, representing its entire issued share capital; and
- (ii) The interest free shareholder's loan repayable on demand due from the Target Company to the Vendor which amounted to HK\$103.5 million as at 31 December 2009.

Consideration

HK\$100,000,000, which shall be completely satisfied by the issue and allotment of the Consideration Shares by the Company. The consideration was determined after arm's length negotiations between the parties with reference to the carrying value of the Shareholder's Loan as at 31 December 2009 of approximately HK\$103.5 million and the unaudited net assets value of the Target Group as at 31 December 2009.

Under the Sale and Purchase Agreement, the Consideration Shares shall be issued and allotted at an issue price of HK\$0.25 per Consideration Share, representing:

- (i) a premium of approximately 3.31% over the closing price of the Shares of HK\$0.242 as quoted on the Stock Exchange as at the Last Trading Day;
- (ii) a premium of approximately 3.31% over the average closing price of the Shares of approximately HK\$0.242 as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 4.69% over the average closing price of the Shares of approximately HK\$0.239 as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

On the basis that the issued share capital of the Company comprises 1,954,940,401 Shares as at the date of this announcement, the Consideration Shares represent (i) approximately 20.46% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 16.99% of the enlarged share capital of the Company immediately following the issue and allotment of the Consideration Shares. The issue price of the Consideration Shares was determined after arm's length negotiations between the parties with reference to the recent market performance of the Shares. Based on the closing price of the Shares of HK\$0.242 as quoted on the Stock Exchange as at the Last Trading Day, the Consideration Shares would have a total market value of approximately HK\$98.6 million.

The Consideration Shares will, upon issue and fully paid, rank *pari passu* in all respects with all the existing Shares then in issue. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional upon, among other things, the following conditions precedent:

- (i) the due diligence investigation on the Target Group, the Property and the Leases to be carried out pursuant to the Sale and Purchase Agreement having been completed to the reasonable satisfaction of the Company;
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- (iii) the passing by the Shareholders of resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares in accordance with the Listing Rules;
- (iv) the passing by shareholders of Willie International of resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules, if required; and
- (v) all other consents or approvals (if required) of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which are required for the entry into and the implementation of the Sale and Purchase Agreement having been obtained, all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required for the entering into and the implementation of the Sale and Purchase Agreement having been made.

If the conditions precedent have not been fulfilled (or waived by the Company save that the Company cannot waive the conditions precedent referred to in items (ii) to (iv) above) on or before 5:00 p.m. on 15 June 2010 (or such other date as the Vendor and the Company may agree in writing) and the Company gives notice to terminate the Sale and Purchase Agreement, the Sale and Purchase Agreement shall thereupon terminate. On termination of the Sale and Purchase Agreement, the parties shall have no further claims against each other under the Sale and Purchase Agreement save for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion shall take place on the fifth Business Day after the satisfaction or waiver (as the case may be) of all the conditions precedent (except item (v) under the paragraph headed “Conditions precedent” of this announcement) under the Sale and Purchase Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY BEFORE AND AFTER THE COMPLETION

As at the date of this announcement, the Company has granted options which will entitle their holders to subscribe for convertible securities up to an aggregate amount of HK\$93.5 million. Save as aforesaid, there were no outstanding convertible securities issued or options granted which carry rights to acquire Shares as at the date of this announcement.

To the best of the Directors’ knowledge, information and belief, the following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon Completion:

	Shareholding structure as at the date of this announcement		Shareholding structure immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of issued Shares held</i>	<i>Number of Shares held</i>	<i>Approximate % of issued Shares held</i>
Mr. Yeung Ming Kwong (Note 1)	4,421,047	0.23%	4,421,047	0.19%
Mr. Wen Louis (Note 2)	7,500	0.00%	7,500	0.00%
Willie International	80,711,000	4.13%	80,711,000	3.43%
The Vendor (or its nominee)	–	–	400,000,000	16.99%
Other public Shareholders	<u>1,869,800,854</u>	<u>95.64%</u>	<u>1,869,800,854</u>	<u>79.39%</u>
Total	<u>1,954,940,401</u>	<u>100.00%</u>	<u>2,354,940,401</u>	<u>100.00%</u>

Notes:

1. Mr. Yeung Ming Kwong is the acting chairman of the Company and an executive Director.
2. This represents the interests, being 7,500 Shares, held by the spouse of Mr. Wen Louis, an executive Director.

INFORMATION ON AND SUMMARY OF FINANCIAL RESULTS OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, the Target Company is indirectly held by Willie International as to approximately 55.27%. The Target Group holds the land use right of the Property and its major asset comprises the Property.

As at the date of this announcement, the Target Company is a non wholly-owned subsidiary of Willie International. A summary of the unaudited consolidated management accounts of the Target Group for the two years ended 31 December 2009 (prepared in accordance with Hong Kong GAAP) are as follows:

	Year ended 31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4,617	867
Net profit/(loss) before tax and extraordinary items	8,927	(1,085)
Net profit/(loss) after tax and minority interests	8,350	(1,231)

The unaudited combined net assets of the Target Group as at 31 December 2009 amounted to approximately HK\$6.3 million.

INFORMATION ON THE PROPERTY

The Property is a 20-storey composite building known as Jifu Plaza with a gross floor area of 10,521.32 square meters situated at No.103 Shibapu Road, Liwan District, Guangzhou City, Guangdong Province, PRC and the annual rental income from the Property for the previous financial year amounted to approximately HK\$4.6 million.

INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries and associated companies are principally engaged in the business of selling and distribution of Nissan motor vehicles, operating of the Nissan 4S shops, provision of heavy motor vehicle repair and maintenance services in PRC; provision of logistic services in Hong Kong and the PRC, manufacturing of carbon fiber in the PRC, properties investments, securities trading and money lending business.

The Directors consider that the Acquisition would improve the Group's revenue base by having a regular rental income from the Property. The Acquisition would help the Group to take this opportunity to participate in the fast-growing PRC property market and realize capital gain on the Property when opportunity arises.

Based on the unaudited combined net assets of the Target Group of approximately HK\$6.3 million as at 31 December 2009, it is expected that the net assets of the enlarged Group would be increased to the same extent following Completion. The Directors also expect the Acquisition would have a positive effect on the revenue of the enlarged Group following Completion.

Willie International is a company principally engaged in property investment, investment in securities trading, money lending, investment holding and acquiring, exploring and developing natural resources.

As at the date of this announcement, Willie International is interested in 80,711,000 Shares, representing approximately 4.13% of the issued share capital of the Company. Upon Completion, Willie International and the Vendor (or its nominee) will become, directly or indirectly, interested in 480,711,000 Shares or approximately 20.42% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. As such, the Acquisition would help the Company to path the way for developing a strategic alliance with Willie International. In view of the above, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Sale and Purchase Agreement (including the consideration thereof) are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and the Consideration Shares will be allotted and issued under the Special Mandate to be sought at the Extraordinary General Meeting.

A circular containing, among other matters, further details of the Sale and Purchase Agreement and a notice convening the Extraordinary General Meeting to consider and (if thought fit) to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Special Mandate to cover the allotment and issue of the Consideration Shares) will be despatched to the Shareholders in accordance with the Listing Rules.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, save that Willie International is interested in 80,711,000 Shares, representing approximately 4.13% of the issued share capital of the Company, as at the date of this announcement and shall abstain from voting on the Acquisition at the Extraordinary General Meeting by reason of its having a material interest in the Sale and Purchase Agreement, no Shareholder would be required to abstain from voting at the Extraordinary General Meeting.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Share and Shareholder's Loan by the Company (or its nominee as it may direct) from the Vendor pursuant to the terms of the Sale and Purchase Agreement
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Forefront Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration Shares”	400,000,000 new Shares to be issued to the Vendor as consideration for the purchase of the Sale Share and Shareholder’s Loan by the Company under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Special Mandate to cover the allotment and issue of the Consideration Shares)
“GAAP”	generally accepted accounting principles
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Hong Kong Company”	Jet Star Industries Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Day”	23 March 2010, being the last trading day of the Shares immediately prior to the release of this announcement
“Leases”	the tenancy agreements/leases/licence agreements in respect of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	a 20-storey composite building known as Jifu Plaza with a gross floor area of 10,521.32 square meters situated at No.103 Shibapu Road, Liwan District, Guangzhou City, Guangdong Province, PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 24 March 2010 entered into between the Vendor and the Company in relation to the Acquisition
“Sale Share”	one share of US\$1.00 in the share capital of the Target Company, representing its entire issued share capital
“Share(s)”	ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shareholder’s Loan”	the interest free shareholder’s loan repayable on demand due from the Target Company to the Vendor which amounted to HK\$103.5 million as at 31 December 2009
“Specific Mandate”	a special mandate to allot and issue new Shares to be sought from the Shareholders at the Extraordinary General Meeting to satisfy the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Perfect Time Investments Limited, a company incorporated in the BVI with limited liability and, prior to Completion, a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and the Hong Kong Company
“Vendor”	Grace Shine Investments Limited, a company incorporated in the BVI with limited liability and a non-wholly owned subsidiary of Willie International
“Willie International”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“%”	per cent.

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

Hong Kong, 24 March 2010

As at the date of this announcement, the Board comprises Mr. Yeung Ming Kwong, Ms. Lo Oi Kwok, Sheree, Mr. Ting Wing Cheung, Sherman, Mr. Wen Louis and Mr. Zhuang You Dao as executive Directors, and Mr. Chung Yuk Lun, Ms. Lam Yan Fong, Flora and Mr. Pak William Eui Won as independent non-executive Directors.