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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
IN RELATION TO THE ACQUISITION OF
40% SHAREHOLDING IN EASY TALENT LIMITED**

The Board is pleased to announce that on 24 April 2015 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Share Transfer Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell, 40% shareholding in the Target Company at a consideration of RMB65.60 million (equivalent to approximately HK\$83.02 million).

Upon Completion, the Group will be interested in 40% of the shareholding in the Target Company and the Target Company will be treated as an associated company of the Company and its results will be equity accounted for as interests in associates.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Share Transfer Agreement is/are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

* For identification purpose only

THE SHARE TRANSFER AGREEMENT

Date

24 April 2015 (after trading hours)

Parties

(1) Vendor: Smart Masterly Limited, which is an investment holding company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor (and its ultimate beneficial owner(s)) are independent third party of the Company and its connected persons (as defined under the Listing Rules) are not connected persons of the Company.

(2) Purchaser: Gauteng Focus Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company.

Consideration and Terms of Payment

Pursuant to the Share Transfer Agreement, the Purchaser shall acquire 40% shareholding in the Target Company for a consideration of RMB65.60 million (equivalent to approximately HK\$83.02 million), subject to the terms and conditions therein.

The Consideration payable shall be settled by way of telegraphic transfer on the date that all conditions precedent to the Share Transfer Agreement are satisfied or waived.

Basis of Determination of the Consideration

The Consideration was agreed after arm's length negotiations between the Purchaser and the Vendor, taking into consideration, amongst other things, with reference to (a) the audited consolidated net assets value of the PRC Group as at 31 December 2014, being approximately RMB64.97 million (equivalent to approximately HK\$82.25 million); and (b) the potential business prospects of the PRC Group.

Accordingly, the Directors consider the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

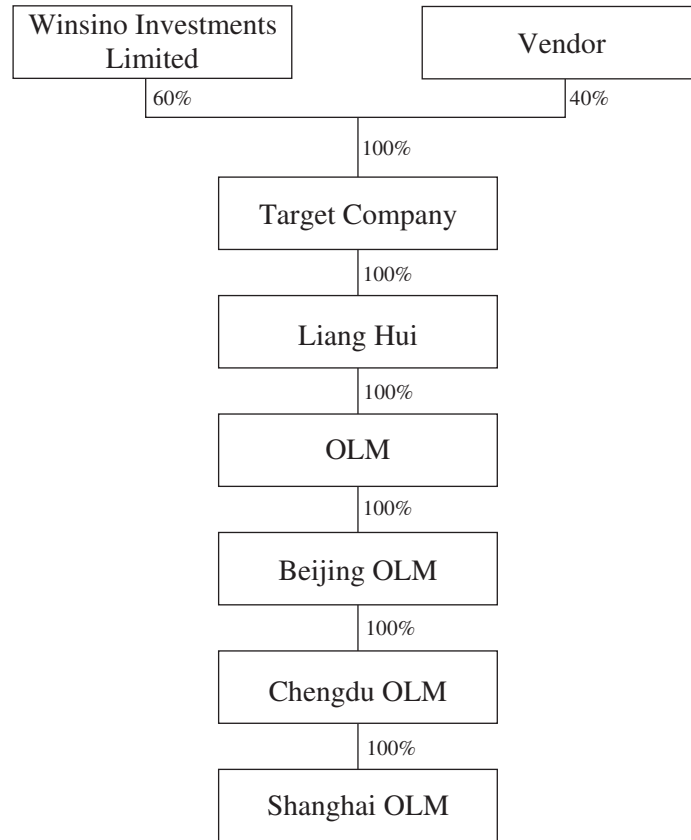
Conditions Precedent:

Completion of the transactions contemplated under the Share Transfer Agreement is conditional upon the following conditions precedent being satisfied or waived:–

- (a) the Vendor shall have obtained all necessary consent, approval and permit (including the approval from its board of directors and/or shareholders) and/or waiver in respect of the transactions contemplated under the Share Transfer Agreement and the authorized representative of the Vendor shall have signed and chopped on the Share Transfer Agreement;
- (b) the Vendor and its related parties shall have obtained all necessary consent, approval and permit (including the approval from its board of directors and/or shareholders) and/or waiver in respect of the disclosure of the Share Transfer Agreement and the transactions contemplated thereunder in accordance with the requirements of Shenzhen Stock Exchange and the laws or governmental requirements (if any) of the PRC;
- (c) the Purchaser shall have obtained all necessary consent, approval and permit (including the approval from its board of directors and/or shareholders) and/or waiver in respect of the transactions contemplated under the Share Transfer Agreement and the authorized representative of the Purchaser shall have signed and chopped on the Share Transfer Agreement; and
- (d) the Purchaser and its related parties shall have obtained all necessary consent, approval and permit (including the approval from its board of directors and/or shareholders) and/or waiver in respect of the disclosure of the Share Transfer Agreement and the transactions contemplated thereunder in accordance with the requirements of the Stock Exchange and the laws or governmental requirements (if any) of the Hong Kong.

INFORMATION ON THE TARGET GROUP

The following chart demonstrates the corporate structure of the Target Group:



Target Company

The Target Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Target Company is the legal and beneficial owner of the entire issued share capital of Liang Hui.

Liang Hui

Liang Hui is an investment holding company incorporated in the BVI with limited liability. Liang Hui is the legal and beneficial owner of the entire issued share capital of OLM.

OLM

OLM is an investment holding company incorporated in Hong Kong with limited liability. OLM is the owner of the entire equity interest in Beijing OLM.

The PRC Group

Beijing OLM is the owner of the entire equity interest in Chengdu OLM, which, in turn, is the owner of the entire equity interest in Shanghai OLM.

Each of Beijing OLM, Chengdu OLM and Shanghai OLM is a company established in the PRC with limited liability. The PRC Group is principally engaged in the provision of upgrading and maintenance services for Oracle's database products distributed in the PRC. Such database products are mainly used to manage internal and external resources, including but not limited to, tangible assets, financial resources, materials, and human resources in order to facilitate the flow of information between all business functions inside the boundaries of the organisation. The PRC Group also provides customized development of applications as a value-added service to customers, and sells self-developed firewall and other software products.

SUMMARY OF FINANCIAL RESULTS OF THE TARGET GROUP

Each of the Target Company, Liang Hui and OLM is an investment holding company and does not have any active business operation. Since their respective date of incorporation, none of the Target Company, Liang Hui and OLM has owned any material assets other than their respective shareholding interests and intra-group balances in the relevant company in the Target Group.

Beijing OLM, Chengdu OLM and Shanghai OLM are the main operating subsidiaries of the Target Group. A summary of the financial information of Beijing OLM (with the financial information of Chengdu OLM and Shanghai OLM consolidated into it) for the year ended 31 December 2013 and the year ended 31 December 2014 is as follows:

	For the year ended	
	31 December	31 December
	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Profit before taxation and extraordinary items	20,744	21,351
Profit after taxation and extraordinary items	16,722	17,608
	As at	As at
	31 December	31 December
	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Total assets	166,123	217,286
Total liabilities	21,295	54,850
Net assets	144,828	162,436

The financial information as summarised above has been prepared in accordance with the International Financial Reporting Standards.

REASONS FOR THE ACQUISITION

The Company is an investment holding company, and through its subsidiaries is principally engaged in (i) provision of information technology (“**IT**”) services in the PRC; (ii) provision of design, manufacturing and distribution of printers, terminals and computers and point-of-sale (“**POS**”) electronic products; (iii) securities investment; and (iv) money lending business.

The Purchaser is an investment holding company.

The Group is focusing on providing technical solutions to enterprises/industries, which including software and professional technical services, printer equipment and printing services, electronic payment, terminals, etc. In the future, the Group will endeavor to expand in the areas of internet applications for enterprises, basic software and industry application, Megadata and cloud computation, application of the internet-of-things and intelligence terminals, and maximize its contribution in the next generation of informatization of enterprises in the PRC.

The Group has been identifying and exploring suitable projects and/or investments with good profit potential for acquisition so as to diversify the Group's business and bring return to the Shareholders. The Board considers that (i) the Acquisition is in line with the Group's investment strategy and would strengthen the Group's existing information technology business in the PRC with growth potential; and (ii) the Target Group is able to facilitate the synergy of skills and explore integrated business software solution to the Group's business. Therefore, the Board considers that the Acquisition would enable the Company to gain an opportunity to share the returns generated from the Target Group and strengthen the Group's existing business operations in the PRC.

Upon Completion, the Group will be interested in 40% of the shareholding in the Target Company and the Target Company will be treated as an associated company of the Company and its results will be equity accounted for interest in associates.

The Directors consider that the terms and conditions of the Share Transfer Agreement, including the consideration thereof, are fair and reasonable and that the entering into of the Share Transfer Agreement is in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Share Transfer Agreement is/are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition”	the proposed acquisition by the Purchaser from the Vendor of the 40% shareholding in the Target Company pursuant to the Share Transfer Agreement
“Beijing OLM”	北京東方龍馬軟件發展有限公司 (Beijing Orient LegendMaker Software Development Co., Limited*), a company established in the PRC with limited liability
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chengdu OLM”	成都東方龍馬信息產業有限公司 (Chengdu Orient LegendMaker Information Industry Co., Limited*), a company established in the PRC with limited liability
“Company”	Forefront Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the 40% shareholding in the Target Company in accordance with the terms and conditions of the Share Transfer Agreement
“connected person(s)”	as defined in the Listing Rules
“Consideration”	consideration for the Acquisition, being RMB65.60 million (equivalent to approximately HK\$83.02 million)
“controlling shareholder”	as defined in the Listing Rules
“Director(s)”	director(s) of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party (parties)”	third party (parties) independent from the Company, the substantial shareholders, the Directors, its associates and other connected persons of the Company
“Liang Hui”	Liang Hui Holdings Limited (亮暉控股有限公司), a company incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OLM”	Oriental Legend Maker Technology Limited (東方龍馬科技有限公司), a company incorporated in Hong Kong with limited liability
“PRC”	the People’s Republic of China
“PRC Group”	Beijing OLM, Chengdu OLM, and Shanghai OLM
“Purchaser”	Gauteng Focus Limited, a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai OLM”	上海東方龍馬軟件技術有限公司 (Shanghai Orient Legend Maker Technology Co., Limited*), a company established in the PRC with limited liability
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company

“Share Transfer Agreement”	the share transfer agreement relating to the 40% shareholding in the Target Company entered into between the Vendor and the Purchaser dated 24 April 2015
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Easy Talent Limited (智易有限公司), a company incorporated in the Cayman Islands with limited liability
“Target Group”	Target Company, Liang Hui, OLM, Beijing OLM, Chengdu OLM and Shanghai OLM
“Vendor”	Smart Masterly Limited, a company incorporated in the BVI with limited liability

For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of approximately RMB1.00=HK\$1.27. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

By Order of the Board of
FOREFRONT GROUP LIMITED
Lo Yuen Wa Peter
Managing Director and Acting Chairman

Hong Kong, 24 April 2015

As at the date of this announcement, the Board comprises the following members:–

Executive Directors

Mr. Lo Yuen Wa Peter
(Managing Director & Acting Chairman)
Ms. Lo Oi Kwok, Sheree
Mr. Ng Si Wai
Mr. Tsang To
Ms. Yang Xiaoying
Mr. Choi Chi Fai

Independent Non-executive Directors

Mr. Chung Yuk Lun
Ms. Lam Yan Fong, Flora
Mr. Pak William Eui Won
Mr. Zhang Xiaoman