

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Forefront Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

---



### FOREFRONT GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

福方集團有限公司\*

(Stock Code: 0885)

### DISCLOSEABLE TRANSACTION – ACQUISITION OF PROPERTIES

---

17 August 2007

\* For identification purposes only

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
<b>APPENDIX – GENERAL INFORMATION</b> .....	8

---

## DEFINITIONS

---

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

“Acquisitions”	the acquisitions of Properties contemplated under the Agreements
“Company”	Forefront Group Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Completion”	Completion of the sale and purchase of the Properties pursuant to the S&P Agreements
“Director(s)”	director(s) of the Company
“First S&P Agreement”	the S&P agreement for sale and purchase of Property 1 dated 3 August 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons who are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	13 August 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	Property 1 and Property 2
“Property 1”	Unit 1 to 3, 22/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong
“Property 2”	Unit 5 to 9, 22/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong
“Purchaser”	Hostbest Limited, a company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company

---

## DEFINITIONS

---

“Second S&P Agreement”	the S&P agreement for sale and purchase of Property 2 dated 3 August 2007
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) 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
“S&P Agreements”	the First S&P Agreement and the Second S&P Agreement
“Vendor”	Get Rich Enterprises Limited, a company incorporated in Hong Kong

---

## LETTER FROM THE BOARD

---



### FOREFRONT GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

福方集團有限公司\*

(Stock Code: 0885)

*Executive Directors*

Ms. Yau Shum Tek, Cindy (*Chairman*)

Ms. Lo Oi Kwok, Sheree

Mr. Louis Wen

Mr. Ting Wing Cheung, Sherman

Mr. Yeung Ming Kwong

Mr. Zhou Qi Jin

Mr. Lam Kwan Sing

*Independent Non-executive Directors*

Mr. Kwong Wai Tim, William

Mr. Chung Yuk Lun

Ms. Lam Yan Fong, Flora

Ms. Kristi L Swartz

*Registered Office and Head Office*

P.O. Box 309, Uglan House  
South Church Street, George Town  
Grand Cayman, Cayman Islands  
Bristish West Indies

*Head Office and Principal place  
of business*

Room 328, Hi-Tech Centre  
9 Choi Yuen Road  
Sheung Shui  
New Territories  
Hong Kong

17 August 2007

*To the Shareholders,*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION – ACQUISITION OF PROPERTIES

#### INTRODUCTION

The Board announced on 3 August 2007 that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered in two S&P Agreements with the Vendor to acquire (i) Property 1 under the First S&P Agreement at a consideration of HK\$15,798,900 and (ii) Property 2 under the Second S&P Agreement at a consideration of HK\$13,341,900. The Acquisitions are executed through the sales agent.

\* *For identification purposes only*

---

## LETTER FROM THE BOARD

---

The Acquisitions in aggregate constitutes a discloseable transaction for the Company under chapter 14.06 of the Listing Rules. The main purpose of this circular is to provide you with further particulars of the Acquisition.

### THE FIRST S&P AGREEMENT

**Date:** 3 August 2007

**Parties:**

- 1) Hostbest Limited, an indirect wholly-owned subsidiary of the Company, being the Purchaser; and
- 2) Get Rich Enterprises Limited, being the Vendor.

The Vendor is a company incorporated in Hong Kong and its principal activity is property development. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

### Property to be acquired:

#### *Property 1*

Property 1 is located at Units 1 to 3, 22/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong. The gross floor area of the Property 1 is approximately 4,051 square feet. It will be delivered to the Purchaser upon Completion subject to and with the benefit of the existing tenancy with a monthly rental of HK\$38,485 (exclusive of rates, management fee and air-conditioning charges), expiring on 17 January 2008 with an option to renew for a further term of three years. The property is currently used by The Financial Secretary Incorporated.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the tenant and its ultimate beneficial owner(s) are Independent Third Parties.

---

## LETTER FROM THE BOARD

---

### Consideration:

The consideration payable by the Purchaser to the Vendor for the acquisition of the Property 1 is HK\$15,798,900 in cash which will be financed by internal resources of the Group and/or bank financing. The consideration shall be paid in the following manner:

- (a) an initial deposit in the sum of HK\$782,045 has been paid by the Purchaser upon signing of the provisional agreement for sale and purchase of Property 1 dated 27 July 2007;
- (b) a further deposit of HK\$797,845 shall be paid by the Purchaser on or before 3 August 2007; and
- (c) the remaining balance of HK\$14,219,010 shall be paid by the Purchaser on or before 27 August 2007.

The consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account a valuation report of an independent valuer named B.I. Appraisals Limited in respect of the value of the Property 1 at HK\$16,200,000 as at 3 August 2007. The independent valuer adopted the direct comparison approach for the valuation. The Directors consider the terms of the First Agreement to be fair and reasonable.

### THE SECOND S&P AGREEMENT

**Date:** 3 August 2007

**Parties:**

- 1) Hostbest Limited, an indirect wholly-owned subsidiary of the Company, being the Purchaser; and
- 2) Get Rich Enterprises Limited, being the Vendor.

The Vendor is a company incorporated in Hong Kong and its principal activity is property development. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

---

## LETTER FROM THE BOARD

---

### **Property to be acquired:**

#### *Property 2*

Property 2 is located at Units 5 to 9, 22/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong. The gross floor area of the Property 2 is approximately 3,421 square feet. It will be delivered to the Purchaser upon Completion subject to and with the benefit of the existing tenancy with a monthly rental of HK\$37,631 (exclusive of rates, management fee, air-conditioning charges, cleaning service charges and other outgoings), expiring on 7 December 2007. The property is currently used by Methodist Holiness Church Limited.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the tenant and its ultimate beneficial owner(s) are Independent Third Parties.

### **Consideration:**

The consideration payable by the Purchaser to the Vendor for the acquisition of the Property 2 is HK\$13,341,900 in cash which will be financed by internal resources of the Group and/or bank financing. The consideration shall be paid in the following manner:

- (a) an initial deposit in the sum of HK\$660,424 has been paid by the Purchaser upon signing of the provisional agreement for sale and purchase of Property 2 dated 27 July 2007;
- (b) a further deposit of HK\$673,766 shall be paid by the Purchaser on or before 3 August 2007; and
- (c) the remaining balance of HK\$12,007,710 shall be paid by the Purchaser on or before 27 August 2007.

The consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account a valuation report of an independent valuer named B.I. Appraisals Limited in respect of the value of the Property 2 at HK\$13,800,000 as at 3 August 2007. The independent valuer adopted the direct comparison approach for the valuation. The Directors consider the terms of the Second Agreement to be fair and reasonable.

---

## LETTER FROM THE BOARD

---

### COMPLETION OF THE S&P AGREEMENTS

Subject to the Vendor having proved good title to the Property 1 and the Property 2, Completion will take place on or before 27 August 2007.

### REASON FOR THE ACQUISITION

The Group is principally engaged in the trading and distribution of Scania motor trucks, coaches and vehicle accessories, and the provision of heavy motor vehicle repair and maintenance services.

The Company intends to use the Properties as the office of the PRC enterprise that may become the Company's partner to develop and operate the mass transit ticketing project as well as other railway transportation and logistics related business.

### FINANCIAL EFFECT OF THE ACQUISITION

The Directors consider that the Acquisitions would not have material impact on the earnings and assets and liabilities of the Group, except that the rental income generated from the Properties may have positive impact on the income of the Group.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

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

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**DISCLOSURE OF INTERESTS****(a) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

*Long position in the Shares:*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Yau Shum Tek, Cindy	Beneficial owner	368,447,736	20.63%
Lo Oi Kwok , Sheree	Beneficial owner	20,000,000	1.12%
Yeung Ming Kwong	Beneficial owner	14,900,000	0.83%
Ting Wing Cheung, Sherman	Beneficial owner	10,000,000	0.56%
Lam Kwan Sing	Beneficial owner	3,000,000	0.17%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code

**(b) Interests of Shareholders**

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and to the best knowledge of the Directors or chief executive of the Company, the following parties (other than a Director or chief executive of the Company), had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

*Interest in the Shares and underlying Shares:*

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares (Long position)</b>	<b>Approximate percentage of shareholding</b>
Yau Shum Tek, Cindy	Beneficial owner	368,447,736	20.63%
Scanice Trade Development AB	Beneficial owner	98,204,000	5.50%

Save as disclosed above, as at the Latest Practicable Date, the Directors or the chief executive of the Company were not aware of any persons or corporations (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there is no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

**DIRECTORS' INTEREST IN COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**LITIGATION**

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

**CORPORATE INFORMATION**

- (a) The company secretary and the qualified accountant of the Company is Mr. Chui Kark Ming who holds Master of Laws from the University of London and the Renmin University of China. He is also a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.
  
- (b) The branch share registrar of the Company is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

**MISCELLANEOUS**

The English text of the Prospectus Documents shall prevail over the Chinese text in the case of any inconsistency.