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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)

**1. RIGHTS ISSUE OF NOT LESS THAN 892,906,512 RIGHTS SHARES AND NOT MORE THAN 1,566,652,448 RIGHTS SHARES OF HK\$0.10 EACH AT HK\$0.2 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD BY QUALIFYING SHAREHOLDERS AND
2. RESUMPTION OF TRADING**

Underwriter



CHUNG NAM SECURITIES LIMITED

The Company proposes to raise not less than approximately HK\$172 million after expenses (assuming no Option is granted and the conversion rights under the Convertible Notes are not exercised on or before the Record Date) and not more than approximately HK\$304 million after expenses (assuming all the Options are granted and fully exercised and fully conversion of the Convertible Notes is completed on or before the Record Date) by way of the Rights Issue of not less than 892,906,512 Rights Shares and not more than 1,566,652,448 Rights Shares to the Qualifying Shareholders at a price of HK\$0.2 per Rights Share on the basis of one Rights Share for every two existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders.

* For identification purposes only

For Non-Qualifying Shareholders, the Company will make arrangements to sell the Rights Shares in their nil-paid form in the market and the proceeds of each sale, less expenses, of HK\$100 or more will be paid to Non-Qualifying Shareholders in Hong Kong dollars pro rata to their respective shareholding as soon as practicable.

The Rights Issue is fully underwritten by the Underwriter. The Rights Issue is conditional upon, among others, the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms as referred to in the paragraph headed “Conditions of the Rights Issue” below, and is further subject to the Underwriter not terminating the Underwriting Agreement as referred to in the paragraph headed “Termination of the Underwriting Agreement” below. **Accordingly, the Rights Issue may or may not proceed and Shareholders and the public are reminded to exercise caution when dealing in the Shares of the Company.**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. Any transfer of Shares (with relevant share certificates) must be lodged for registration on or before 4:00 p.m. on 21 December 2007 with the Registrar. The register of members of the Company will be closed from 24 December 2007 to 3 January 2008, both days inclusive. No transfer of Shares will be registered during this period.

Any buying or selling of the Shares from now up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, and any buying or selling of nil-paid Rights Shares, are at investors’ own risk.

The Directors (including the independent non-executive Directors) consider that it is in the interest of the Company and the Shareholders to enlarge the capital base and to strengthen the financial position of the Group through the implementation of the Rights Issue. The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$172 million after expenses (assuming no Option is granted and the conversion rights under the Convertible Notes are not exercised on or before the Record Date) and not more than approximately HK\$304 million after expenses (assuming all Options are granted and fully exercised and full conversion of the Convertible Notes on or before the Record Date) and will be used by the Company for the reduction of borrowing and other investment purposes.

A prospectus containing, among others, details regarding the Rights Issue will be expected to be despatched to the Shareholders on 4 January 2008.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m., on 3 December 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of the trading of the Shares with effect from 9:30 a.m. on 5 December 2007.

RIGHTS ISSUE

Issue statistics

Basis of Rights Issue	:	one Rights Share for every two existing Shares held on the Record Date
Number of Shares in issue	:	1,785,813,024 Shares as at the date of this announcement (or 3,133,304,896 Shares upon full exercise of all of the Options by their holders and the conversion of Convertible Notes on or before the Record Date) (<i>Note</i>)
Number of Rights Shares	:	Not less than 892,906,512 Rights Shares (assuming no Option is granted and the conversion rights under the Convertible Notes are not exercised on or before the Record Date) and not more than 1,566,652,448 Rights Shares (assuming the Options are granted and fully exercised and full conversion of the Convertible Notes on or before the Record Date) , representing approximately 50% of the existing issued share capital of the Company and 33.3% of the enlarged issued share capital of the Company upon the completion of the Rights Issue
Subscription price per Rights Share	:	HK\$0.2 per Rights Share with nominal value of HK\$0.1 each
Underwriter	:	Chung Nam Securities Limited, which is an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates

Note:

As at the date of this announcement, there are Options pending to be granted to holders to subscribe for an aggregate of 147,491,872 Shares and Convertible Notes to be converted into 1,200,000,000 Shares outstanding. Save for the Options and the Convertible Notes, there were no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date of this announcement.

Qualifying Shareholders

The Company will send the Prospectus, provisional allotment letters and forms of application for excess Rights Shares to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfer of Shares (together with the relevant share certificate(s)) with the Registrar, on or before 4:00 p.m. (Hong Kong time) on 21 December 2007.

Closure of Register of members

The register of members of the Company will be closed from 24 December 2007 to 3 January 2008, both days inclusive for the purposes of establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription price

The subscription price for the Right Shares is HK\$0.2 per Rights Share and is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The subscription price of HK\$0.2 per Rights Share was arrived at after arm's length negotiations between the Company and the Underwriter with reference to recent closing prices of the Shares on the Stock Exchange and represents:

- (i) a discount of approximately 45.95% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on 30 November 2007, being the Last Trading Day;
- (ii) a discount of approximately 36.17% to the theoretical ex-rights price of HK\$0.3133 per Share based on the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iii) a discount of approximately 51.57% to the average closing price of HK\$0.413 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;

The Directors (including the independent non-executive Directors) consider that the discount of the subscription price of the Rights Share to closing price of the Share on the Last Trading Day is reasonable on the basis that the terms of the Rights Issue (including the price) are arrived at after arms-length negotiation with the Underwriter and that it is a general market practice to issue rights shares at a discount to the market price of the Shares. The Directors consider that the discount will encourage existing Shareholders to take up their entitlements, so as to share the potential growth of the Company.

Basis of provisional allotments

One Rights Share for every two existing Shares held by a Qualifying Shareholder on the Record Date.

Status of the Rights Shares

When fully paid, issued and allotted, the Rights Shares will rank pari passu in all respects with the then existing Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of issue and allotment of the fully-paid Rights Shares.

Dealings in nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty in Hong Kong. The board lot of nil-paid rights is same as board lot of underlying rights, i.e. 2,000.

Rights of Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. If there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong as at the Record Date, the Company will comply with all necessary requirements under Rule 13.36(2) of the Listing Rules and will only exclude the Non-Qualifying Shareholders from the Rights Issue after making enquiry regarding the legal restrictions under the laws of the relevant places. If based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Rights Shares to any particular Shareholder because of either the legal restrictions under the laws of the place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Shares will not be offered to such Non-Qualifying Shareholder. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders (if any) for their information only. The Company will not send provisional allotment letters and forms for application for excess Rights Shares to the Non-Qualifying Shareholders.

The Company will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to any Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealing in the nil-paid Rights Shares commences, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to Non-Qualifying Shareholders in Hong Kong dollars pro rata to their respective shareholding as soon as possible. The Company will retain individual amounts of less than HK\$100 for its own benefits.

Application for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements, and any Rights Shares provisionally allotted but not accepted.

Application may be made by completing the forms of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Board will allocate the excess Rights Shares at its discretion with reference to the level of acceptance of the Rights Shares and the number of excess Rights Shares available on a fair and reasonable basis on the following principles:

- (1) preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings; and

- (2) subject to available of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a pro-rata basis to the excess Rights Shares applied by them, with board lots allocations to be made on best effort's basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee as a single shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For investors whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:00 p.m. on 21 December 2007.

Share certificates

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary mail at their own risk on or before 29 January 2008.

Conditions of the Rights Issue

The Right Issue is conditional upon the following conditions being fulfilled:

- (i) the signing by or on behalf of all of the Directors of one printed copy of each of the Prospectus Documents and the certification by all Directors (or by their agents duly authorised in writing) of two copies of each of the Prospectus Documents;
- (ii) the delivery of one such signed copy of each of the Prospectus Documents to the Underwriter;
- (iii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong of the Prospectus Documents;

- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders;
- (v) compliance by the Company with a certain of its obligations under the terms of the Underwriting Agreement;
- (vi) the Listing Committee of the Stock Exchange (a) agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter in their reasonable opinion accept and the subsequent satisfaction of such conditions (if any); and (b) not having withdrawn or revoked such listing and permission on or before 10:00 p.m. on the Settlement Date.

In the event that the conditions above have not been satisfied and/or waived in whole or in part by the Underwriter on or before 31 January 2008, all liabilities of the parties hereto shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date	:	3 December 2007
Parties	:	the Company and the Underwriter
Number of Rights Shares underwritten	:	Not less than 892,906,512 Rights Shares and not more than 1,566,652,448 Rights Shares, being all the Rights Shares
Commission	:	2.5% of the subscription price for the Underwritten Shares, the Directors consider that such rate is fair and reasonable and was determined after arm's length negotiations between the Company and the Underwriter

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. on the second Business Day after the Acceptance Date, if:

- (i) the occurrence of the following events would, in the reasonable opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict); or
 - (c) the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities);
- (ii) any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects of the Group as a whole;
- (iii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;

- (iv) the Underwriter shall receive notification or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if the Underwriter shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or
- (v) the Company shall, after a certain matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

Effects on shareholding structure

The following is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue and assuming none of the Directors and the public shareholders will take up the Rights Shares and the Underwriter takes up its underwriting commitment (assuming no Option is granted and exercised and the conversion rights under the Convertible Notes are not exercised on or before completion of the Rights Issue)		Immediately after completion of the Rights Issue and assuming none of the Directors and the public shareholders will take up the Rights Shares and the Underwriter takes up its underwriting commitment (assuming all the Options are granted and fully exercised and full conversion of the Convertible Note on or before the Record Date)		Immediately after completion of the Rights Issue and assuming all of the Directors and the public shareholders will take up the Rights Shares (assuming all the Options are granted and fully exercised and full conversion of the Convertible Note on or before the Record Date)	
	Shares	approximately %	Share	approximately %	Shares	approximately %	Shares	approximately %
Directors	136,347,736	7.64%	136,347,736	5.09%	136,347,736	2.90%	204,521,604	4.35%
Willie International Holdings Limited (note 1)	150,630,000	8.43%	150,630,000	5.62%	150,630,000	3.20%	225,945,000	4.81%
China Railway Scientific Technology Development Company (note 2)	140,000,000	7.84%	140,000,000	5.23%	140,000,000	2.98%	210,000,000	4.47%
Scania AB (publ) (note 3)	98,204,000	5.50%	98,204,000	3.67%	98,204,000	2.09%	147,306,000	3.13%
Heritage International Holdings Limited (note 4)	90,832,000	5.09%	90,832,000	3.39%	90,832,000	1.93%	136,248,000	2.90%
Underwriter (note 5)	0	0.00%	892,906,512	33.33%	1,566,652,448	33.33%	0	0.00%
Public shareholders	1,169,799,288	65.50%	1,169,799,288	43.67%	2,517,291,160	53.56%	3,775,936,740	80.34%
Total	1,785,813,024	100.00%	2,678,719,536	100.00%	4,699,957,344	100.00%	4,699,957,344	100.00%

Notes:

1. Willie International Holdings Limited (Stock code: 273), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Pearl Decade Limited.
2. China Railway Scientific Technology Development Company is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, China Railway Investment Group Ltd and its indirect wholly-owned subsidiary, China Railway Investment Group (Hong Kong) Limited, a direct wholly-owned subsidiary of China Railway Investment Group Ltd.
3. Scania AB (publ) is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Scania CV AB (publ), and its indirect wholly-owned subsidiary, Scania Trade Development AB, a direct wholly-owned subsidiary of Scania CV AB (publ).
4. Heritage International Holdings Limited (Stock code: 412), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Coupeville Limited, and its indirect wholly-owned subsidiary, Dollar Group Limited, a direct wholly-owned subsidiary of Coupeville Limited.
5. The Underwriter has undertaken that if (i) such Shares are taken by the Underwriter pursuant to the terms of the Underwriting Agreement, the Underwriter will not sell such Shares to not less than 6 subscribers who are independent of the Company and its connected persons; (ii) it will not place the untaken Shares to any single person or entity to the extent that such person or entity would become a substantial shareholder of the Company for the purpose of the Listing Rules; (iii) it will not become a substantial shareholder of the Company as a result of the Rights Issue.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Existing Shares are expected to be dealt in on an ex-rights basis from 20 December 2007.

Dealings in the Rights Shares in nil-paid form are expected to take place from 10 January 2008 to 17 January 2008 (both days inclusive). If the Underwriting Agreement is terminated (see the section headed “Termination of the Underwriting Agreement” above), or if the conditions of the Rights Issue (see the section headed “Conditions of the Rights Issue” above) are not fulfilled or waived, the Rights Issue will not proceed.

Any buying or selling of the Shares from now up to the date on which all such conditions are fulfilled, and any buying or selling of nil-paid Rights Shares, are at investors’ own risk.

If in any doubt, investors should consider obtaining professional advice.

REASONS FOR THE RIGHTS ISSUE AND USE OF THE PROCEEDS

The Directors consider that it is prudent to finance the Group's long-term growth by long term funding, preferably in the form of equity which will not increase the Group's finance costs. Furthermore, the Directors consider that it is in the interest of the Company to enlarge its capital base by way of the Rights Issue which will allow all Shareholders the opportunity to participate in the growth of the Company.

Besides, the Board considers that in view of the volatile stock market conditions, the Company should seize this chance to secure equity funding for the shareholders and the Company as a whole because the underwriter has underwritten the Rights Issue. The Rights Issue allows the Company to broaden its shareholders' base without diluting their corresponding shareholdings and allows the shareholder to participate in the long term growth of the Company at a lower price than the current market level.

As per 2007 interim report and the subsequent announcements made by the Company, the Company has different businesses in operations for which include trading and distribution of Scania motor trucks, coaches and vehicle accessories, investing in development, management and operation of an e-ticketing system in PRC, selling and distribution of Nissan motors , the operation of the Nissan 4S shops, provision of heavy motor vehicle repair and maintenances services in PRC, property investments and investments in securities. Each operation may have different capital requirements depends on the market conditions and the business development status during the financial years. The Company can utilize the cash in hand immediately to expand its business as and when the opportunity arises.

The net proceeds from the Rights Issue is expected to be not less than approximately HK\$172 million (assuming no Options is granted and the conversion rights under the Convertible Notes are not exercised on or before the Record Date) and not more than approximately HK\$304 million (assuming the Options are granted and fully exercised full conversion of the Convertible Notes on or before the Record Date), which will be used by the Company for the reduction of the borrowing and other investment purposes. As at the date of this announcement, the Company has total assets of approximately HK\$1 billion and the total liabilities of approximately HK\$620 million, which results in total equity of approximately HK\$380 million. The Company would like to use the net proceeds from the Rights Issue to reduce its liability and improve its debt to equity ratio so as to strengthen the financial position of the Company in the long run. As at the date of this announcement, the Company has not identified any specific investment opportunities.

The total cash and cash equivalents is HK\$828.90 million before the completion of the Rights Issue and is no less than approximately HK\$1,000.90 million (assuming no option is granted and the conversion rights under the Convertible Notes are not exercised on or before the Record Date) and no more than approximately HK\$1,132.9 million (assuming all the Options are granted and exercised and full conversion of the Convertible Notes on or before the Record Date) after the completion of the Rights Issue.

TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

Last day of dealings in Shares on cum-rights basis	19 December 2007
First day of dealing in Shares on ex-rights basis	20 December 2007
Latest time for lodging transfers of Shares in order to be entitled to the Rights Issue.....	4:00 p.m. on 21 December 2007
Register of members closes (both dates inclusive)	24 December 2007 to 3 January 2008
Record Date	3 January 2008
Register of members reopens.....	4 January 2008
Prospectus Documents expected to be despatched on	4 January 2008
First day of dealings in nil-paid Rights Shares	10 January 2008
Latest time for splitting nil-paid Rights Shares.....	4:00 p.m. on 14 January 2008
Last day of dealings in nil-paid Rights Shares	17 January 2008
Latest time for acceptance of, payment for Rights Shares and application for excess Rights Shares	4:00 p.m. on 22 January 2008
Expected time for the Rights Issue to become conditional.....	4:00 p.m. on 24 January 2008
Announcement of results of the Rights Issue	29 January 2008
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	29 January 2008
Certificates for fully-paid Rights Shares expected to be despatched on or before	29 January 2008
Dealings in fully-paid Rights Shares expected to commence on.....	31 January 2008

Dates specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. Any change to the anticipated timetable for the Rights Issue will be published as and when appropriate.

1. Capital-raising activities during past 12 months

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement. The net proceeds of approximately HK\$962 million raised by the Company from the capital raising activities during the 12 months immediately preceding the date of this announcement are summarized below, which is in line with the intended use of proceeds as disclosed in the relevant announcements of the Company:

Date of Announcement	Capital Raising Activity	Net Proceeds		Actual Use of Proceeds
		Raised (HK\$)	Intended use of proceeds	
16 February 2007	Placing of 488,447,736 Shares to Wealth Style Limited	HK\$98 million	HK\$20 million	HK\$20 million
			– develop service centres & exhibition halls in the PRC	– not yet utilized as at the date of this announcement and expected to be used in developing service centers and exhibition halls in the PRC
			HK\$34 million	HK\$34 million
			– develop auto-leasing business in the PRC	– not yet utilized as at the date of this announcement and expected to be used in developing auto-leasing business in the PRC
			HK\$44 million	HK\$19.7 million
			– general working capital	– general working capital
				HK\$24.3 million
				– not yet utilized as at the date of announcement and expected to be used as general working capital

Date of Announcement	Capital Raising Activity	Net Proceeds		Actual Use of Proceeds
		Raised (HK\$)	Intended use of proceeds	
25 May 2007	Placing and subscription of 191,548,000 Shares	HK\$48 million	As general working capital and approximately HK\$2.5 million as the remaining balance of investment cost to complete the incorporation of a subsidiary in Shenzhen	<p>HK\$2.375 million – investment cost to complete the incorporation of a subsidiary in Shenzhen</p> <p>HK\$45.625 million – not yet utilized as at the date of this announcement and expected to be used as general working capital</p>
3 July 2007	Placing of 229,856,000 Shares	HK\$85 million	As general working capital and other possible investments in the future	<p>HK\$29.1 million – investment in acquisition of properties</p> <p>HK\$1.3 million – related expense for the acquisition of properties</p> <p>HK\$54.6 million – not yet utilized as at the date of this announcement and expected to be used as other possible investments in the future</p>

Date of Announcement	Capital Raising Activity	Net Proceeds		Actual Use of Proceeds
		Raised (HK\$)	Intended use of proceeds	
10 July 2007	Placing of convertible notes in a principal amount of HK\$150 million on a fully underwritten basis and placing of convertible notes in a principal amount up to HK\$600 million on a best effort basis (completed on 16 August 2007)	HK\$731 million	For the proposed acquisition of a company incorporated in British Virgin Islands and as general working capital	<p>HK\$80 million – investment of Natural Harvest Investments Limited (e-ticketing Project)</p> <p>HK\$2.5 million – related expense for e-ticketing project</p> <p>HK\$26.7 million – investment in Golden Fame International Investments Group Ltd.</p> <p>HK\$ 20 million – investment in Leapfly Limited</p> <p>HK\$601.8 million – not yet utilized as at the date of this announcement and expected to be used as general working capital</p>
	Total	<u>962 million</u>		

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, pending the release of this announcement, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 December 2007 and an application has been made for the resumption of trading with effect from 9:30 a.m. on 5 December 2007.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Acceptance Date”	latest day for acceptance of and payment for the Rights Shares which is expected to be at 4:00 p.m. on 22 January 2008
“Board”	the board of Directors
“Business Day”	a full day (other than a Saturday) on which banks are generally open for business in Hong Kong
“Convertible Notes”	convertible notes in the principal amount up to HK\$600 million issued pursuant to the placing agreement entered into between the Company and Chung Nam Securities Limited on a best effort basis dated 9 July 2007 and the placing of the convertible notes was completed on 16 August 2007
“Company”	Forefront Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	30 November 2007, being the date on which the Shares were last traded on the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on the register of members of the Company on the Record Date is (are) outside Hong Kong where the Directors, based on the legal opinions provided by legal advisers, consider it necessary or expedient to exclude any such Shareholder because of either the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place
“Option(s)”	the share option(s) can be granted by the Company to subscribe for an aggregate of 147,491,872 Shares as at the date of this announcement pursuant to the share option scheme of the Company adopted on 6 August 2007
“Posting Date”	4 January 2008, the expected date for despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the provisional allotment letter and form of application for excess Rights Shares
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	3 January 2008, the record date by which entitlements to the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue of not less than 892,906,512 Rights Shares but not more than 1,566,652,448 Rights Shares at a price of HK\$0.2 per Rights Share

“Rights Shares”	not less than 892,906,512 Rights Shares (assuming no Options is granted and the conversion rights under the Convertible Notes are not exercised on or before the Record Date) and not more than 1,566,652,448 Rights Shares (assuming all the Options are granted and fully exercised and full conversion of the Convertible Notes on or before the Record Date)
“Settlement Date”	the second Business Day after the Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.1 each in the existing capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter”	Chung Nam Securities Limited, a corporation deemed licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activity (dealing in securities), which is not a connected person (as defined in the Listing Rules) of the Company
“Underwriting Agreement”	the underwriting agreement dated 3 December 2007 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	not less than 892,906,512 Rights Shares and not more than 1,566,652,448 Rights Shares, being all the Rights Shares

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

Hong Kong, 4 December 2007

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