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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) PLACING OF NEW SHARES UNDER GENERAL MANDATE;

(2) REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES; AND

(3) REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME

THE PLACING

On 11 February 2008, the Company entered into the Placing Agreement with Get Nice pursuant to which Get Nice agreed to place on fully underwritten basis, 294,983,744 Placing Shares at the price of HK\$0.2 per Placing Share to no less than six Placees who are Independent Third Parties procured by the Placing Agent. The total 294,983,744 Placing Shares under the Placing Agreement are to be issued by the Company under the General Mandate.

* For identification purposes only

The 294,983,744 Placing Shares represent (i) approximately 11.01% of the Company's existing issued share capital; and (ii) approximately 9.92% of the Company's issued share capital as enlarged by the Placing.

The Placing is conditional upon the Listing Committee granting approval of the listing of and permission to deal in the Placing Shares.

The Placing Agreement is subject to termination on the occurrence of, amongst other things, any event of force majeure (which include events set out in details below) at or before 10:00 a.m. on the date for completion of the Placing Agreement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REFRESHMENT OF ISSUE MANDATE

In order to provide a flexible mean for the Company to raise further funds for its future business development and/or through the issue of new Shares whenever investment opportunities arise, the Board proposes to refresh the Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of EGM. The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

In order to provide the Company with greater flexibility in granting share options to eligible persons (including but not limited to employees and Directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders at the EGM to refresh the scheme mandate limit of the Share Option Scheme at the EGM.

PLACING AGREEMENT DATED 11 FEBRUARY 2008

Pursuant to the Placing Agreement, Get Nice agreed to place on fully underwritten basis, 294,983,744 Placing Shares at a price of HK\$0.2 per Placing Share. The terms of the Placing Agreement are set out below:

Placing Agent:

The Placing Agent are Independent Third Parties and are entitled to receive a placing commission equal to 2.50% of the product between the placing price of HK\$0.2 per Placing Share and the 294,983,744 Placing Shares successfully placed by the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

Number of Shares to be placed:

The 294,983,744 Placing Shares representing (i) approximately 11.01% of the Company's existing issued share capital; and (ii) approximately 9.92% of the Company's issued share capital as enlarged by the Placing.

Placees:

Not less than six professional, institutional and/or individual investors will be procured by the Placing Agent under the Placing Agreement. Each of the Placees and his/her respective ultimate beneficial owners will be an Independent Third Party. The Directors do not expect any Placee will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Placing Price:

The Placing Price is HK\$0.2 per Placing Share. The Placing Price represents:

- (i) a discount of approximately 9.50% to the closing price of HK0.221 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 8.42% to the average closing price of HK\$0.2184 per Share as quoted on the Stock Exchange from 1 February 2008 to 11 February 2008, both days inclusive, being the five trading days before and including the Last Trading Date.

The net placing price is HK\$0.195 per Placing Share. The market price of the Shares concerned on 11 February 2008, which the terms of the Placing were fixed, was HK\$0.221.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee granting approval of the listing of and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Placing Shares.

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent without liability to the Company by giving notice in writing to the Company, prior to 10:00 a.m. on the date for completion of the Placing Agreement, provided that in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or

- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date thereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, the British Virgin Islands or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

The conditions set out in the Placing Agreement is expected to be fulfilled on or before 29 February 2008, or such other date as may be agreed by the Company and the Placing Agent. The completion of the Placing is expected to take place no later than the second Business Day after the fulfillment of the conditions of the Placing Agreement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

AUTHORITY TO ISSUE THE PLACING SHARES

The 294,983,744 Placing Shares under the Placing Agreement are to be issued by the Company under the General Mandate, which as at the date of this announcement, allows the Company to issue or deal with up to maximum 294,983,744 new Shares. As at the date of this announcement, the Company has not utilized the General Mandate.

RANKING OF PLACING SHARES

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and the issue of the Placing Shares including the right to any dividends or distributions.

CHANGES IN SHAREHOLDING OF THE COMPANY AS A RESULT OF THE PLACING

The changes of the shareholding of the Company as a result of the Placing are illustrated in the table as follows (assuming that there are no other changes in the issued share capital of the Company and assuming that all the Placing Shares are placed):

	Shareholding before the Placing		Shareholding after the Placing	
	Shares	% of shareholding	Shares	% of shareholding
Directors (<i>Note 1</i>)	200,171,604	7.47%	200,171,604	6.73%
<i>Public Shareholders:</i>				
China Railway Investment Group (Hong Kong) Limited (<i>Note 2</i>)	140,000,000	5.23%	140,000,000	4.71%
Heritage International Holdings Limited (<i>Note 3</i>)	136,248,000	5.09%	136,248,000	4.58%
Willie International Holdings Limited (<i>Note 4</i>)	225,945,000	8.43%	225,945,000	7.60%
Others	1,976,354,932	73.78%	1,976,354,932	66.46%
The Placees	–	–	294,983,744	9.92%
Total	<u>2,678,719,536</u>	<u>100.00%</u>	<u>2,973,703,280</u>	<u>100.00%</u>

Notes:

- (1) This includes 150,000 Shares held by Ms. Warphon Suwannahong, the spouse of Mr. Louis Wen, an executive Director of the Company.
- (2) China Railway Investments Group (Hong Kong) Limited (中鐵開發投資集團(香港)有限公司) is wholly-owned by China Railway Investments Group Limited (中鐵多經投資集團有限公司) which in turn wholly-owned by China Railway Scientific Technology Development Company (中鐵科學技術開發公司).
- (3) Dollar Group Limited is wholly-owned by Coupeville Limited which in turn is wholly-owned by Heritage International Holdings Limited.
- (4) 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.

CAPITAL RAISING ACTIVITIES IN THE 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.

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

Date of Announcement	Capital Raising Activity	Net Proceeds Raised (HK\$)	Intended use of proceeds	Actual Use of Proceeds
			HK\$44 million – general working capital	HK\$23.2 million – general working capital
				HK\$20.8 million – not yet utilized as at the date of announcement and expected to be used as general working capital
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	HK\$2.375 million – investment cost to complete the incorporation of a subsidiary in Shenzhen HK\$45.625 million – not yet utilized as at the date of this announcement and expected to be used as general working capital
3 July 2007	Placing of 229,856,000 Shares	HK\$85 million	As general working capital and other possible investments in the future	HK\$29.1 million – investment in acquisition of properties HK\$1.3 million – related expense for the acquisition of properties 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

Date of Announcement	Capital Raising Activity	Net Proceeds Raised (HK\$)	Intended use of proceeds	Actual 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 (i.e. HK\$600 million convertible notes under the best effort basis were redeemed by the Company).	HK\$731 million (The Company has redeemed HK\$600 million convertible notes under the best effort basis)	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\$600 million – redeemed by the Company as at the date of this announcement</p>
4 December 2007	Rights Issue on the basis of one rights share for every two existing shares held by qualifying Shareholders	HK\$172 million	For the reduction of the borrowing and other investment purposes.	Not yet utilized as at the date of this announcement and expected to be used as other possible investments in the future
	Total	<u>1,134 million</u>		

Save as mentioned above, the Company has not raised any funds in the past 12 months.

REASONS FOR THE PLACING AND USE OF PROCEEDS

To reduce the Company's liabilities and improve its debt-to-equity ratio so as to strengthen the financial position of the Company, the Company has utilized the fund raised previously to redeem its convertible notes.

The net proceeds of Placing is approximately HK\$58 million. The Company will use the fund raised for any future potential investments. As at the date of this announcement, the Company has not identify any investment opportunity yet.

The Company considers that the Placing is a good opportunity for the Company to secure approximately HK\$58 million net proceeds from the Placing. In view of the volatile stock market conditions, the Directors consider that the Company should seize every chance to secure equity funding for the Shareholders and the Company as a whole. The Directors consider the terms of the Placing Agreement (including the Placing Price) is fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

ISSUE MANDATE

In order to provide a flexible mean for the Company to raise further funds for its future business development and/or through the issue of new Shares whenever investment opportunities arise, the Board proposes to refresh the Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of EGM. The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM. As at the date of the announcement, to the best knowledge of the Directors, the Company does not have any controlling Shareholders, therefore, the directors and their respective associates who have the Shares of the Company shall abstain from voting in favour of the resolution in relation to the Issue Mandate.

The Board expected that the 294,983,744 Placing Shares were completely placed before the EGM. Then based on the 2,973,703,280 Shares in issue as enlarged by the Placing and assuming that no further Shares are repurchased and issued prior to the EGM, subject to the passing of the relevant ordinary resolutions to approve the Issue Mandate at the EGM, the Directors will be authorized to allot and issue up to a limit of 594,740,656 Shares under the Issue Mandate. The Directors consider that the Issue Mandate will enhance the flexibility for the Company to manage its business and therefore the Issue Mandate is fair and reasonable and the granting of the Issue Mandate are in the interests of the Company and the Shareholders as a whole.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Board also proposes to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Under the current limit of the Share Option Scheme, the Directors were authorized to grant options to subscribe for up to 147,491,872 Shares, representing 10% of the issued share capital of the Company as at the date of extraordinary general meeting of the Company held on 6 August 2007 at which the existing scheme mandate limit was refreshed. Since the approval of the refreshed scheme mandate limit on 6 August 2007 and up to the date of this announcement, the Company has granted 147,490,000 share options and the grantees have not exercised the options to subscribe the Shares under the Share Option Scheme. As at the date of this announcement, there are 1,872 share options not yet granted.

In order to provide the Company with greater flexibility in granting share options to eligible persons (including but not limited to employees and Directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders at the EGM to refresh the scheme mandate limit of the Share Option Scheme at the EGM. The Directors consider that such refreshment of the scheme mandate limit of the Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

The Board expected that the 294,983,744 Placing Shares were completely placed before the EGM. Then based on the 2,973,703,280 Shares in issue as enlarged by the Placing and assuming that no further Shares are repurchased and issued prior to the EGM, and no share options are being granted prior to the EGM, upon the approval of the refreshment of the scheme mandate limit of the Share Option Scheme, the Directors will be authorized to issue options to subscribe for a total of 297,370,328 Shares, representing 10% of the total number of Shares in issue as at the date of EGM. The 1,872 share options not previously granted under the Share Option Scheme will not be counted for the purpose of refreshing the scheme mandate limit of the Share Option Scheme.

No outstanding share options of the Company will lapse as a result of the refreshment of the scheme mandate limit of the Share Option and the aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the date of this announcement. Save for the Share Option Scheme, the Company has no other share option schemes as at the date of this announcement.

GENERAL

The Group is principally engaged in the 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 maintenance services in PRC and property investments.

The Company will form an Independent Board Committee comprising the independent non-executive Directors and appoint an independent financial adviser to advise the Independent Board Committee and independent Shareholders on the Issue Mandate pursuant to Rule 13.36(4) of the Listing Rules.

A circular containing, among other things, details regarding (i) Issue Mandate; (ii) refreshment of the scheme mandate limit of the Share Option Scheme; (iii) letter of recommendation from the Independent Board Committee on the refreshment of the Issue Mandate; (iv) letter of recommendation from the independent financial adviser to the Independent Board Committee and independent Shareholders on the refreshment of the Issue Mandate; and (v) a notice convening the EGM will be dispatched to the Shareholders as soon as possible.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday and Sunday) on which licensed banks are open for business in Hong Kong
“Company”	Forefront Group Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Issue Mandate and new scheme mandate limit of the Share Option Scheme
“General Mandate”	the general mandate granted by Shareholders of the Company at its extraordinary general meeting held on 6 August 2007 to issue or deal with up to 294,983,744 new Shares
“Get Nice”	Get Nice Investment Limited, a licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities and corporate finance and asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Group”	the Company, its subsidiaries and its associated company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board established by the independent non-executive Directors of the Company to advise the independent Shareholders in respect of the Issue Mandate
“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders of the Company and their associates or, which there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	a party and their respective ultimate beneficial owners who to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of EGM
“Last Trading Date”	11 February 2008, being the last trading day for the Shares prior to the issue of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the placees procured by the Placing Agent under the Placing, all of which will be Independent Third Parties
“Placing”	the placement of 294,983,744 new Shares by the Placing Agent to the Placees at the Placing Price under the Placing Agreement
“Placing Agent”	Get Nice

“Placing Agreement”	the placing agreement dated 11 February 2008
“Placing Price”	the placing price of HK\$0.2 per Placing Share under the Placing
“Placing Share(s)”	294,983,744 new Shares to be placed under the Placing
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the capital of the Company
“Share Option Scheme”	The share option scheme adopted and approved by the Company on 6 August 2007
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 11 February 2008

As at the date of this statement, the Board of the Company comprises seven executive Directors, namely, Ms. Yau Shum Tek, Cindy, Mr. Yeung Ming Kwong, Ms. Lo Oi Kwok, Sheree, Mr. Ting Wing Cheung, Sherman, 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.