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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about this circular or as to the action to be taken, you should consult a licensed securities dealer, 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 with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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

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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)

## REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES; REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

**VINCO**  **城高**  
**Grand Vinco Capital Limited**

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A letter from the Independent Board Committee is set out on pages 8 to 9 of this circular and a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 17 of this circular.

A notice convening the EGM to be held on Thursday, 13 March 2008 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. is set out on pages 18 to 21 of this circular. Whether or not Shareholders are able to attend the EGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, **Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should Shareholders so wish.

\* For identification purposes only

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS .....</b>	<b>1</b>
<b>LETTER FROM THE BOARD .....</b>	<b>3</b>
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE .....</b>	<b>8</b>
<b>LETTER FROM VINCO .....</b>	<b>10</b>
<b>NOTICE OF THE EXTRAORDINARY GENERAL MEETING .....</b>	<b>18</b>

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## DEFINITIONS

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

“Board”	the board of Directors
“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
“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

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## DEFINITIONS

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“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
“Latest Practicable Date”	20 February 2008, being the latest practicable date prior to the printing of this circular for ascertain certain information referred to in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placement of 294,983,744 new Shares by the placing agent to the placees at HK\$0.2 per Placing Share under the placing agreement dated 11 February 2008
“Placing Shares”	294,983,744 new Shares placed under the Placing
“PRC”	The People’s Republic of China which, for the purpose of this circular, 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
“Vinco”	Grand Vinco Capital Limited, a licensed corporation to carry out business in types 1 (dealing in securities) and 6 regulated activities (advising on corporate finance) under the Securities and Futures Ordinance and the independent financial adviser to the Independent Board Committee in relation to the refreshment of Issue Mandate to allot and issue Shares.
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors*

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

Mr. Yeung Ming Kwong

Ms. Lo Oi Kwok, Sheree

Mr. Ting Wing Cheung, Sherman

Mr. Louis Wen

Mr. Zhou Qi Jin

Mr. Zhuang You Dao

*Independent Non-executive Directors*

Mr. Chung Yuk Lun

Mr. Kwong Wai Tim, William

Ms. Lam Yan Fong, Flora

Ms. Kristi L Swartz

*Registered office and head office*

P.O. Box 309, Ugland House

South Church Street, George Town

Grand Cayman, Cayman Islands

British West Indies

*Head office and principal place  
of business*

Room 328, Hi-Tech Centre

9 Choi Yuen Road

Sheung Shui

New Territories

Hong Kong

25 February 2008

*To the Shareholders,*

Dear Sir or Madam,

**REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES;  
REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The Board announced on 11 February 2008 that the EGM of the Company would be convened to seek approval of the Shareholders to (i) refresh the Issue Mandate to issue and allot Shares and (ii) refresh the 10% scheme mandate limit of the Share Option Scheme. The main purpose of this circular is to provide you with further particulars of the above proposals and the notice of EGM.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the refreshment of the Issue Mandate. Vinco has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Issue Mandate.

### **REFRESHMENT OF ISSUE MANDATE**

#### **General Mandate**

At the Company's extraordinary general meeting held on 6 August 2007, Shareholders granted a mandate to Directors to issue and allot up to 294,983,744 Shares. The Board expected that such General Mandate will be fully used for the issue of the 294,983,744 Placing Shares prior to the EGM.

#### **Proposed 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 Latest Practicable Date, 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.

Based on the issued share capital of the Company as at the Latest Practicable Date of 2,826,209,536 Shares and assuming the 294,983,744 Placing Shares are completely placed and there are no further changes in the issued share capital prior to the date of the EGM, the issued share capital of the Company as at the date of EGM will be 3,121,193,280 Shares. 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 624,238,656 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.

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## LETTER FROM THE BOARD

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### **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 new Share Option Scheme was adopted. Since the approval of the new Share Option Scheme on 6 August 2007 and up to the Latest Practicable Date, the Company has granted and the grantees have exercised all the share options to subscribe 147,490,000 Shares under the Share Option Scheme. As at the Latest Practicable Date, 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 10% scheme mandate limit of the Share Option Scheme. The Directors consider that such refreshment of the 10% scheme mandate limit of the Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

Based on 2,826,209,536 Shares in issue as at the Latest Practicable Date and assuming that the 294,983,744 Placing Shares are completely placed and there are no further Shares are repurchased or issued and no share options are being granted prior to the EGM, the issued share capital of the Company as at the date of EGM will be 3,121,193,280. Upon the approval of the refreshment of the 10% scheme mandate limit of the Share Option Scheme, the Directors will be authorized to issue options to subscribe for a total of 312,119,328 Shares, representing 10% of the total number of Shares in issue as at the date of EGM.

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 must not exceed 30% of the Shares in issue from time to time. Save for the Share Option scheme, the Company has no other share option schemes as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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The refreshment of the scheme mandate limit is conditional upon:

- (a) the Shareholders' approval at the EGM; and
- (b) the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the refreshed limit of the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for obtaining the approval mentioned in paragraph (b) above.

### **EGM**

The notice of the EGM is set on pages 18 to 21 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should Shareholders so wish.

### **PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Article 80 of the Articles of Association sets out the following procedures by which Shareholders can demand a poll.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:

- a) the chairman of the meeting; or
- b) at least five members present in person or by proxy and entitled to vote; or
- c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or

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## LETTER FROM THE BOARD

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- d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

### **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.

### **RECOMMENDATION**

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 8 to 9 of this circular which contains its recommendation to the Independent Shareholders on the terms of the proposed refreshment of the Issue Mandate. Your attention is also drawn to the letter of advice from Vinco as set out on pages 10 to 17 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the proposed refreshment of the Issue Mandate.

The Board considers that the refreshment of the Issue Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme are in the interests of the Company and the Shareholders as a whole, and accordingly, recommends all Shareholders to vote in favour of the resolutions set out in the notice of the EGM.

Yours faithfully,  
By order of the Board of  
**Forefront Group Limited**  
**Yeung Ming Kwong**  
*Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

25 February 2008

*To the Shareholders*

Dear Sir or Madam,

### REFRESHMENT OF ISSUE MANDATE

We refer to the circular of the Company dated the date hereof (the “Circular”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members to constitute an Independent Board Committee and to advise the Independent Shareholders in respect of the refreshment of the Issue Mandate.

Vinco has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the refreshment of the Issue Mandate is fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 10 to 17 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 7 of the Circular.

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the refreshment of the Issue Mandate and the advice of Vinco, we are of the opinion that the terms of the refreshment of the Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and that the grant of the refreshment of the Issue Mandate is in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the refreshment of the Issue Mandate.

Yours faithfully,

**Independent Board Committee**

**Mr. Kwong Wai Tim, William**

*Independent non-executive*

*Director*

**Mr. Chung Yuk Lun**

*Independent non-executive*

*Director*

**Ms. Lam Yan Fong, Flora**

*Independent non-executive*

*Director*

**Ms. Kristi L Swartz**

*Independent non-executive*


*Director*

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## LETTER FROM VINCO

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*The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Issue Mandate to issue and allot Shares, which has been prepared for the purpose of incorporation in this circular:*

**VINCO**  城高  
**Grand Vinco Capital Limited**  
Unit 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

25 February 2008

*To the Independent Board Committee and  
the Independent Shareholders of Forefront Group Limited*

Dear Sirs,

### **REFRESHMENT OF ISSUE MANDATE TO ALLOT AND ISSUE SHARES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed refreshment of Issue Mandate, details of which are set out in the circular (the "Circular") issued by the Company to the Shareholders dated 25 February 2008 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 13.36 (4) of the Listing Rules, the refreshment of the Issue Mandate requires the approval of the Independent Shareholders. Since there is no controlling Shareholder as at the Latest Practicable Date, the Directors and their respective associates who have the Shares are required to abstain from voting in favour of the resolution in relation to the Issue Mandate at the EGM.

The Independent Board Committee, comprising Mr. Chung Yuk Lun, Mr. Kwong Wai Tim, William, Ms. Lam Yan Fong, Flora and Ms. Kristi L Swartz, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the refreshment of the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and whether the refreshment of the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM VINCO

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### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the refreshment of Issue Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed refreshment of the Issue Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM VINCO

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the proposed refreshment of the Issue Mandate, we have considered the principal factors and reasons set out below:

#### **Background of and reasons for the refreshment of the Issue Mandate**

The Company has different businesses in operation which include (i) trading and distribution of Scania motor trucks, coaches and vehicle accessories; (ii) investing in development, management and operation of an e-ticketing system in PRC, (iii) selling and distribution of Nissan motors, the operation of the Nissan 4S shops, provision of heavy motor vehicle repair and maintenances services in PRC; (iv) provision of logistics service in Hong Kong and PRC; and (v) property investments.

References are made to (i) the announcements of the Company dated 15 October 2007 and 18 October 2007 regarding a letter dated 1 October 2007 from Scania CV Aktiebolag (“Scania”) stating that the distributor agreements (the “Distributor Agreements”) dated 23 December 2005 entered into between Forefront International (Hong Kong) Limited (“FIHK”), an indirect wholly-owned subsidiary of the Company, and Scania giving FIHK exclusive distributor rights for Scania truck in Hong Kong region and Macau region will expire and cease to apply after 26 October 2008; and (ii) the announcement of the Company dated 18 February 2008 regarding the termination of the distributorship. The Company and its subsidiaries then entered into two asset sales agreements and one memorandum of understanding on 15 February 2008 respectively (collectively referred to as “Agreements”) in relation to the disposal of certain assets and a subsidiary in PRC to a subsidiary of Scania. Upon completion of the Agreements, the Distributor Agreements of the Company with Scania will be treated as expiry rather than original expiry from 26 October 2008.

The General Mandate was granted to the Directors to allot and issue up to a maximum of 294,983,744 Shares (equivalent to 20% of the then issued share capital of the Company) at the extraordinary general meeting held on 6 August 2007. The board expected that General Mandate will be fully used for the issue of the 294,983,744 Placing Shares prior to the EGM.

In this regard, the Board proposed to pass an ordinary resolution at the EGM to approve the proposed refreshment of the Issue Mandate in accordance with Rule 13.36 (4) of the Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The Issue Mandate will be in force when it is approved by the Independent Shareholders at the EGM.

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## LETTER FROM VINCO

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### Fund raising activities in the past 12 months

According to the information provided by the Directors, the following table summarizes the information relating to the Company's fund raising activities in the past 12 months:

Date of announcement	Transaction	Net proceeds raised (approximately)	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 centers and exhibition halls in the PRC	HK\$20 million – not yet utilized as at the Latest Practicable Date 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 Latest Practicable Date and expected to be used in developing auto-leasing business in the PRC
			HK\$44 million – general working capital	HK\$23.2 million – general working capital  HK\$20.8 million – not yet utilized as at the Latest Practicable Date 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 Latest Practicable Date 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 Latest Practicable Date and expected to be used as other possible investments in the future

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## LETTER FROM VINCO

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Date of announcement	Transaction	Net proceeds raised (approximately)	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	HK\$80 million – investment of Natural Harves Investments Limited (e-ticketing Project)  HK\$2.5 million – related expense for e-ticketing project  HK\$26.7 million – investment in Golden Fame International Investments Group Ltd.  HK\$20 million – investment in Leapfly Limited  HK\$600 million – redeemed by the Company as at the Latest Practicable Date  HK\$1.8 million – not yet utilized as at the Latest Practicable Date and expected to be used as general working capital
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 Latest Practicable Date and expected to be used as other possible investments in the future

As illustrated in the above table, the Company has a successful track record of completing five fund raising exercises since February 2007. As far as the use of proceeds from the five fund raising exercises illustrated in the above table is concerned, we note that the actual use of proceeds was largely in line with the intended use of proceeds.

The bank balances and cash of the Group was approximately HK\$45.4 million as at 30 June 2007 according to the unaudited interim report 2007 of the Group and the Group received (i) approximately HK\$85 million resulting from a placing announced on 3 July 2007; (ii) approximately HK\$731 million resulting from a placing announced on 10 July 2007; and (iii) approximately HK\$172 million resulting from a rights issue announced on 4 December 2007. The Directors confirmed that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements.

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## LETTER FROM VINCO

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However, in the event the Company identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms, or cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Company may lose its bid in an otherwise favourable investment and also a favorable opportunity to expand its business portfolio. In light of the above, we consider the refreshment of the Issue Mandate to be in the interests of the Company and the Shareholders as a whole. The Directors confirmed that there is no definite plan for any investment or acquisition of the Group nor is there any immediate funding need for the operation of the Group as at the Latest Practicable Date. However, the Directors cannot preclude the possibilities that additional funding may still be needed for investment development as well as other opportunities arise in the future.

### **Financial flexibility**

The Directors believed that the refreshment of the Issue Mandate will provide the Company with additional flexibility in deciding the source of finance for any acquisition opportunities that may arise in the future and for the purpose of raising general working capital of the Group. As at the Latest Practicable Date, save as the potential investment opportunities as disclosed in the abovementioned table regarding the intended use of proceeds of the fund raising activities in the past 12 months, the Directors confirmed that there is no proposal for any investment or acquisition of the Group. Save as the Placing under the placing announcement dated 11 February 2008, we noted that the Directors cannot perceive whether or not there will be any issue of Shares as at the Latest Practicable Date and the amount thereof and the application of such proceeds.

We consider that the refreshment of the Issue Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, by way of issue of new Shares or other convertible instruments for further development of the Group. In addition, the Directors consider that if investment or acquisition opportunities arise, decisions may have to be made within a limited period of time. The refreshment of the Issue Mandate would provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares or other convertible instruments to raise capital through placing of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the refreshment of the Issue Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

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## LETTER FROM VINCO

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### Other financing alternatives

Other than raising funds by way of issuing equity capital, the Directors confirmed that they will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the then financial position, capital structure and cost of funding of the Group and the then market condition. As confirmed by the Directors, the Issue Mandate provides another alternative to the Directors to finance the Group's businesses and the Directors will use the method which serves the best interest of the Group. We consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

### Potential dilution to shareholding of the Independent Shareholders

Shareholders	As at the Latest Practicable Date		Upon completion of the issue of the Placing Shares prior to the EGM (Note 1)		Upon full utilization of the Issue Mandate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors (Note 2)	200,171,604	7.08%	200,171,604	6.41%	200,171,604	5.34%
<b>Public Shareholders:</b>						
New Shares issued under the Issue Mandate	–	–	–	–	624,238,656	16.67%
Other public Shareholders	2,626,037,932	92.92%	2,921,021,676	93.59%	2,921,021,676	77.99%
Total	2,826,209,536	100.00%	3,121,193,280	100.00%	3,745,431,936	100.00%

Note:

- Assuming the issue of the 294,983,744 Placing Shares is completed prior to the EGM.
- This includes 150,000 Shares held by Ms. Warphon Suwannahong, the spouse of Mr. Louis Wen who is an executive Director of the Company.

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## LETTER FROM VINCO

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For illustrative purpose, assuming that (i) the issue of the 294,983,744 Placing Shares is completed prior to the EGM; (ii) the refreshment of the Issue Mandate is approved by the Independent Shareholders at the EGM and; (iii) the Issue Mandate is fully utilized, 624,238,656 Shares will be issued, representing 20% of the entire issued share capital of the Company, and approximately 16.67% of the entire issued share capital of the Company as enlarged by the Shares issued under the Issue Mandate respectively.

The aggregate shareholding of the other public Shareholders will decrease from approximately 93.59% to approximately 77.99% upon full utilization of the Issue Mandate, a potential maximum dilution of approximately 15.60%. Taking into account that the Issue Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (ii) provides more options of financing to the Group for further development of its business as well as in potential investment and/or acquisitions when such opportunities arise and; (iii) the fact that the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the Issue Mandate, we consider such potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

### CONCLUSION

Having taken into consideration the above principal factors and reasons, we are of the view that the refreshment of the Issue Mandate is fair and reasonable, so far as the Independent Shareholders are concerned and that the refreshment of the Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the refreshment of the Issue Mandate.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

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# NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Forefront Group Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Thursday, 13 March 2008 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:–

### ORDINARY RESOLUTIONS

1. “**THAT:**–

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) The aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraphs (A) and (B), otherwise than (i) a Rights Issue (as hereafter defined) or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company

\* For identification purposes only

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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or (iii) an issues of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries or any other eligible person(s) of shares or right to acquire shares of the Company or (iv) an issue of shares as scrip dividend pursuant to the Articles of Association, from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

(D) for the purposes of this resolution:–

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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2. “**THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme), shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the Directors of the Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

Yours faithfully,  
By order of the Board of  
**Forefront Group Limited**  
**Yeung Ming Kwong**  
*Executive Director*

*As at the date of this notice, the Board 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.*

25 February 2008

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A form of proxy to be used for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. To be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.