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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your 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 and the accompanying form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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) GRANT OF ISSUE MANDATE;  
(2) REFRESHMENT OF THE SCHEME MANDATE LIMIT  
AND  
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
Independent Shareholders of Forefront Group Limited**

**VINCO**  城高

**Grand Vinco Capital Limited**

*A wholly-owned subsidiary of Vinco Financial Group Limited*

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A letter from the Board is set out on pages 4 to 9 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 10 of this circular. A letter of advice from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 20 of this circular.

A notice convening the EGM of the Company to be held on Tuesday, 23 March, 2010 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. is set out on pages 21 to 24 of this circular. 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 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 you from attending and voting in person at the EGM should Shareholders so wish.

8 March 2010

\* For identification purpose only

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Company”	Forefront Group Limited (Stock code: 885), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Tuesday, 23 March 2010 at 9:00 a.m. to consider and approve, inter alia, the Grant of Issue Mandate and the refreshment of the Scheme Mandate Limit
“General Mandate”	the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 11 August 2009 to allot and issue Shares up to 20% of the issued share capital of the Company as at that date
“Grant of Issue Mandate”	the general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Grant of Issue Mandate
“Independent Shareholder”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, executive Directors and the chief executive of the Company and their respective associates
“Latest Practicable Date”	2 March 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overall Limit”	the meaning ascribed thereto in the Section headed “Refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme” in the Letter from the Board in this circular
“Scheme Mandate Limit”	the meaning ascribed thereto in the Section headed “Refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme” in the Letter from the Board in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Share Option”	options to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 6 August 2007

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Grant of Issue Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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:*

Mr. Yeung Ming Kwong (*Acting Chairman*)  
Ms. Lo Oi Kwok, Sheree  
Mr. Ting Wing Cheung, Sherman  
Mr. Wen Louis  
Mr. Zhuang You Dao

*Independent Non-executive Directors:*

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

*Registered office:*

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

*Head office and principal place of  
business in Hong Kong:*

1103, 11/F,  
China United Centre  
28 Marble Road  
North Point  
Hong Kong

8 March 2010

*To the Shareholders*

Dear Sir or Madam,

**(1) GRANT OF ISSUE MANDATE  
(2) REFRESHMENT OF THE SCHEME MANDATE LIMIT  
AND  
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

#### INTRODUCTION

The purpose of this circular is to provide you with information relating to: (i) the proposed Grant of Issue Mandate to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue at the date of the EGM and the proposed refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme;

\* For identification purpose only

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## LETTER FROM THE BOARD

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(ii) the recommendation from the Independent Board Committee and the recommendation from Vinco Capital to the Independent Board Committee and the Independent Shareholders regarding the Grant of Issue Mandate; and (iii) to give you notice of the EGM.

### GRANT OF ISSUE MANDATE

At the extraordinary general meeting of the Company held on 11 August 2009, the Shareholders approved, among other things, an ordinary resolution to grant the Directors the General Mandate to issue, allot and deal with up to 337,988,721 Shares, which is equivalent to 20% of the then issued share capital of the Company.

As announced by the Company on 20 August 2009 that the Company entered into a placing agreement in relation to the placing of up to 337,988,721 Shares which was then completed on 9 September 2009 and 337,988,721 Shares had been successfully placed and the net proceeds from the placing amounted to approximately HK\$36.16 million which had been applied for the general working capital of the Group. As a result, the General Mandate is fully utilized. Further, the Company announced on 12 August 2009 that it would raise fund by issuing of not less than 844,971,800 rights shares and not more than 1,098,463,340 rights shares at a price of HK\$0.28 per rights share on the basis of five rights shares for every two Share held. The rights issue had become unconditional on 10 February 2010 and 1,098,461,165 Shares were issued on 17 February 2010 accordingly. Further, on 11 February 2010, 324,483,760 Shares were issued upon full conversion by subscribers in relation to the HK\$110 million convertible bonds issued by the Company on 17 December 2009 and details of which are set out in the announcements dated 17 December 2009 and 17 September 2009 and the circular dated 7 October 2009 . As at the Latest Practicable Date, the issued share capital of the Company was 1,906,267,837 Shares.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for its future business development if and when an opportunity arises, the Board proposes the Grant of Issue Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM.

Based on the 1,906,267,837 Shares in issue as at the Latest Practicable Date and assuming that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the EGM, subject to the passing of the relevant ordinary resolution to approve the Grant of Issue Mandate at the EGM, the Directors will be authorised to allot and issue up to 381,253,567 Shares under the refreshed mandate.

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## LETTER FROM THE BOARD

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The Board considers that it is important for the Company to be able to raise fund quickly in order to seize the investment opportunities that may arise. To this end, the Directors believe that the Grant of Issue Mandate will give the Company the flexibility to raise funds and to expand and develop the business of the Company and therefore, is in the interests of the Company and the Shareholders as a whole.

### **REFRESHMENT OF THE 10% SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME**

The Share Option Scheme was adopted on 6 August 2007. Pursuant to the terms of the Share Option Scheme, among other things:–

- (1) the overall limit on number of Shares which may be issued upon 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 (the “Overall Limit”); and
- (2) the Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company (“Scheme Mandate Limit”) shall not exceed 10% of the Shares in issue on the day of approval by Shareholders.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders’ approval in general meeting and the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon exercise of options pursuant to the refreshment of the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all Share Options granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of the Shareholders’ approval for refreshment of the Scheme Mandate Limit. In this connection, Share Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for purpose of calculating the Scheme Mandate Limit as “refreshed”.



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## LETTER FROM THE BOARD

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The Company previously adopted a share option scheme on 2 August 2002 which was terminated on 6 August 2007. Apart from the Share Option Scheme, the Company had no other share option scheme in force as at the Latest Practicable Date.

The existing Scheme Mandate Limit was refreshed to 219,692,233 Shares, being 10% of the Shares in issue on the day the Scheme Mandate Limit was refreshed on 22 October 2009. As at the Latest Practicable Date, Share Options carrying rights to subscribe for up to 43,938,446 Shares being adjusted after the share consolidation details of which are set out in the announcement dated 21 December 2009 and the circular dated 2 September 2009, was granted by the Company on 26 January 2010 and have been exercised in full.

If the Scheme Mandate Limit is “refreshed” at the EGM, on the basis of 1,906,267,837 Shares in issue as at the Latest Practicable Date and that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the EGM, the Scheme Mandate Limit will be “refreshed” to 190,626,783 Shares and the Company will be allowed, to grant further Share Options under the Share Option Scheme carrying the rights to subscribe for a maximum of 190,626,783 Shares (the “Refreshed Limit”).

The total number of Shares issued and to be issued upon exercise of the Share Options granted to each of the Share Option Scheme participants (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued Shares.

In order to allow the Company to make full use of the Share Option Scheme to grant Share Options to participants, including but not limited to Directors and employees of the Group, to provide incentive or rewards for their contribution to the growth of the Group as a result of the recent increase in issued share capital of the Company, a resolution will be proposed at the EGM to “refresh” the Scheme Mandate Limit.

The refreshment of the Scheme Mandate Limit is subject to the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon the exercise of Share Options under the “Refreshed Limit” up to 10% of the issued share capital of the Company on the date of the EGM. Application will be made to the Stock Exchange for listing of and permission to deal in the Shares to be issued upon exercise of options pursuant to the refreshment of the Scheme Mandate Limit.

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## LETTER FROM THE BOARD

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### EGM

The EGM will be convened and held for the purpose of considering, and, if thought fit, approving, inter alia, the Grant of Issue Mandate and the refreshment of the Scheme Mandate Limit.

The notice of the EGM is set out on pages 21 to 24 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 office of the branch registrar of the Company 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 you from attending and voting in person at the EGM should you so wish.

Pursuant to Rule 13.36(4) of the Listing Rules, the Grant of Issue Mandate will be subject to the Independent Shareholders' approval at the EGM. As at the Latest Practicable Date, Mr. Yeung Ming Kwong, being the Executive Director, held 4,421,047 Shares representing approximately 0.23% of the issued share capital of the Company, and the spouse of Mr. Wen Louis being the Executive Director, held 7,500 Shares representing approximately 0.0004% of the issued share capital of the Company. Save as disclosed, none of the Executive Directors and the chief executives of the Company and their respective associates hold any Shares. Since there is no controlling Shareholder of the Company, the Executive Directors (including Mr. Yeung Ming Kwong and Mr. Wen Louis) and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the EGM) are required to abstain from voting in favour at the EGM in respect of the resolution relating to the Grant of Issue Mandate.

No Shareholder will be required to abstain from voting at the EGM in respect of the resolution relating to the refreshment of the Scheme Mandate Limit.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions at the EGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 10 of this circular and the letter from Vinco Capital containing its advice and the principal factors which it has considered in arriving at its advice with regard to the Grant of Issue Mandate, as set out on pages 11 to 20 of this circular.

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## LETTER FROM THE BOARD

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The Board is of the opinion that the (i) the Grant of Issue Mandate; and (ii) the refreshment of the Scheme Mandate Limit are in the best interests of the Company and Shareholders as a whole and recommends Shareholders to vote in favour of the resolutions to be proposed at the EGM.

### GENERAL

Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

By Order of the Board  
**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)**

8 March 2010

*To the Independent Shareholders*

Dear Sir or Madam,

### PROPOSED GRANT OF ISSUE MANDATE

We refer to the circular from the Company to the Shareholders dated 8 March 2010 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise you in connection with the Grant of Issue Mandate, details of which are set out in the “Letter from Vinco Capital” set out on pages 11 to 20 of the Circular, which contains Vinco Capital’s advice regarding the Grant of Issue Mandate.

Having taken into account the advice of Vinco Capital, we consider the Grant of Issue Mandate to be fair and reasonable and is in the interests of the Company and the 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 Grant of Issue Mandate.

Yours faithfully,

For and on behalf of the  
Independent Board Committee

**Mr. Chung Yuk Lun**  
*Independent non-executive  
Director*

**Ms. Lam Yan Fong, Flora**  
*Independent non-executive  
Director*

**Mr. Pak William Eui Won**  
*Independent non-executive  
Director*

\* For identification purpose only

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## LETTER FROM VINCO CAPITAL

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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 proposed Grant of Issue Mandate to issue and allot Shares, which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**

Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

8 March 2010

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

Dear Sirs,

### **GRANT OF ISSUE MANDATE**

#### **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 Grant of Issue Mandate, details of which are set out in the circular (the "Circular") issued by the Company to the Shareholders dated 8 March 2010 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 proposed Grant of Issue Mandate requires the approval of the Independent Shareholders by way of poll at the EGM at which the controlling Shareholders and their associates or if there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the EGM) are required to abstain from voting in favour of the resolution to be proposed in respect of the proposed Grant of Issue Mandate. As at the Latest Practicable Date, to the best knowledge of the Directors, the Company did not have any controlling Shareholders. Accordingly, Mr. Yeung Ming

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## LETTER FROM VINCO CAPITAL

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Kwong (being an executive Director) and the spouse of Mr. Wen Louis (being an associate of an executive Director), who were interested in 4,421,047 Shares, representing approximately 0.23% of the issued share capital of the Company as at the Latest Practicable Date, and 7,500 Shares, representing approximately 0.0004% of the issued share capital of the Company as at the Latest Practicable Date, respectively, shall abstain from voting in favour of the relevant resolution to be proposed at the EGM in relating to the proposed Grant of Issue Mandate.

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

### **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.

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## LETTER FROM VINCO CAPITAL

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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 proposed Grant of Issue Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto) in forming our opinion and recommendation.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Grant of 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.

### **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 Grant of Issue Mandate, we have considered the principal factors and reasons set out below:

#### **Background of and reasons for the proposed Grant of Issue Mandate**

The Company is an investment holding company, and through its subsidiaries and associated companies, is principally engaged in the business of selling and distribution of Nissan motor vehicles, operation of the Nissan 4S shops, provision of heavy motor vehicle repair and maintenance services in the PRC; provision of logistics services in Hong Kong and the PRC; manufacturing of carbon fiber in the PRC; properties investments; securities trading and money lending business.

At the extraordinary general meeting of the Company held on 11 August 2009, the Shareholders approved, among others, an ordinary resolution to approve the General Mandate which enable the Directors to allot and issue up to 337,988,721 Shares (being 20% of the then issued share capital of the Company as at the date of such extraordinary general meeting).

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## LETTER FROM VINCO CAPITAL

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As announced by the Company on 20 August 2009 that the Company entered into a placing agreement in relation to the placing of up to 337,988,721 Shares which was then completed on 9 September 2009 and 337,988,721 Shares had been successfully placed. As a result, the General Mandate is fully utilized. On 12 August 2009, the Company also announced that it would raise fund by issuing of not less than 844,971,800 rights shares and not more than 1,098,463,340 rights shares at a price of HK\$0.28 per rights share on the basis of five rights shares for every two Shares held. The rights issue has become unconditional on 10 February 2010 and 1,098,461,165 Shares were issued on 17 February 2010 accordingly. Further, on 11 February 2010, 324,483,760 Shares were issued upon full conversion by subscribers in relation to the convertible bonds in the amount of HK\$110 million issued by the Company on 17 December 2009 and details of which are set out in the announcements dated 17 December 2009 and 17 September 2009 respectively and the circular dated 7 October 2009. As at the Latest Practicable Date, the issued share capital of the Company was 1,906,267,837 Shares.

In view of (i) the 2009 Grant of Issue Mandate is fully utilized; (ii) the outlook for the global financial markets has remained gloomy and volatile since the financial turmoil and credit is still very tight; and (iii) the proposed Grant of Issue Mandate will enable the Group to conduct fund raising activities as and when opportunities arise, the Board thus proposed to pass an ordinary resolution at the EGM to approve the proposed Grant of Issue Mandate in accordance with Rule 13.36(4) of the Listing Rules to issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM.

Based on the issued share capital of the Company of 1,906,267,837 Shares as at the Latest Practicable Date and there are no further changes in the issued share capital prior to the date of the EGM, subject to the approval of the proposed Grant of Issue Mandate at the EGM, the Directors will be able to issue and allot up to 381,253,567 new Shares under the proposed Grant of Issue Mandate, representing approximately 20% of the issued share capital of the Company as at the Latest Practicable Date.



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## LETTER FROM VINCO CAPITAL

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### Fund raising activities in the past twelve months

The table set out below summarizes the information relating to the Company's fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Transaction	Net proceeds raised <i>(approximately)</i>	Intended use of proceeds	Actual use of proceeds
18 June 2009	Placing of 227,270,000 Shares, which was completed on 25 June 2009	HK\$55.33 million	To be used for general working capital of the Group	Used as intended
12 August 2009	Rights issue of not less than 844,971,800 rights shares and not more than 1,098,463,340 rights shares at a price of HK\$0.28 per rights share on the basis of five rights shares for every two Shares held.	HK\$297.58 million	<p>– To be used for general working capital of the Group</p> <p>– to replenish the loss in capital of the Company</p> <p>– for future strategic investments</p>	To be utilized as intended because the transaction had just completed on 17 February 2010
20 August 2009	Placing of 337,988,721 Shares, which was completed on 9 September 2009	HK\$36.16 million	For general working capital of the Group	Used as intended
17 September 2009	Placing of convertible bonds in an aggregate amount of HK\$150 million. The initial conversion price of the convertible bonds is HK\$0.11 per conversion share.	HK\$107 million had been raised upon completion of the placing of the convertible bonds in an aggregate principal amount of HK\$110 million on 17 December 2009.	For general working capital of the Group	As to approximately HK\$90 million has been utilized as general working capital of the Group and the remaining balance of approximately HK\$17 million has not been utilized as at the Latest Practicable Date

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## LETTER FROM VINCO CAPITAL

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Date of announcement	Transaction	Net proceeds raised <i>(approximately)</i>	Intended use of proceeds	Actual use of proceeds
	<p>As announced by the Company on 17 December 2009, completion of the placing of the convertible bonds in an aggregate principal amount of HK\$110 million took place on 17 December 2009. On 17 December 2009, the Company and the placing agent entered into a second supplemental agreement whereby the Company agreed to discharge the placing agent from all duties and obligations to procure the placing of, on best effort basis, the convertible bonds for a residual principal amount of HK\$40 million.</p>			
	<p>Under the terms of these convertible bonds, options will be granted to the converting bondholders on any conversion of the convertible bonds effected within one year from the date of issue of such convertible bonds. As at the Latest Practicable Date, on 11 February 2010, 324,483,760 Shares were issued upon full conversion by subscribers in relation to the convertible bonds in the amount of HK\$110 million and the options were granted respectively. These options will entitle the converting bondholders to subscribe, in cash, for a further principal amount of HK\$110 million convertible bonds in the Company.</p>	<p>A further amount up to HK\$110 million may be raised upon exercise of options by the converting bondholders of the principal amount of HK\$110 million convertible bonds.</p>		<p>The options have not been exercised as at the Latest Practicable Date.</p>

As illustrated in the above table, the Company has a successful track record of completing four fund raising exercises during a twelve-month period up to the Latest Practicable Date, and the Company has raised over approximately HK\$496.07 million since 30 June 2009, we are advised by the Directors that the Company is exploring potential investment opportunities and business developments of the Group. As far as the use of proceeds from the fund raising exercises illustrated in the above table is concerned, we note that the actual use of proceeds was in line with the intended use of proceeds. Save as disclosed above, the Company has not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

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## LETTER FROM VINCO CAPITAL

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We also note from the prospectus of the Company dated 20 January 2010 that the net proceeds from the rights issue are intended to be used as the general working of the Group, to replenish the loss in capital of the Company caused by the recent financial tsunami and for future strategic investments.

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. However, the Directors cannot preclude the possibilities that the current financial resources are inadequate for a large scale investment and additional funding may still be needed for investment opportunities as well as other opportunities arise in the future. In the event that 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 opportunities in an otherwise favourable investment and a favorable opportunity to expand its business portfolio. In view of the gradual recovery in the economy and the stock market, we are advised by the Directors that they have been actively seeking potential investment opportunities and business developments of the Group. As confirmed by the Directors, no specific target has been identified as at the Latest Practicable Date and the scale of investment will be subject to investigation on the possible target investment and negotiation with the potential vendor. Also, the Directors confirmed that they have considered the possibility of seeking a specific mandate when specific project is identified. However, the Directors considered that timely decision making is critical to grasp opportunities arising from the prevailing market condition. As such, they considered granting of specific mandate which is subject to the approval of the Independent Shareholders may delay the Group to grasp the opportunities in a timely manner. In view of the above, we consider that it is reasonable for the Directors to propose the Grant of Issue Mandate at the EGM in order to provide the Company with necessary financing flexibility to raise additional funds through the issue of new Shares for its future business development as and when an opportunity arises.

### **Financial flexibility**

The Directors believed that the proposed Grant of Issue Mandate will provide the Company with additional flexibility in deciding the alternatives in funding for any investment 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, the Directors confirmed that there is no proposal for any investment or acquisition of the Group which may involve issue of new Shares.

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## LETTER FROM VINCO CAPITAL

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We consider that the proposed Grant of Issue Mandate could enhance the financing flexibility of the Group 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 proposed Grant of Issue Mandate would provide the Group with maximum flexibility as allowed under the Listing Rules to allot and issue new Shares to fund 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 proposed Grant of Issue Mandate provides more financing alternatives to the Group when assessing and negotiating potential acquisitions in a timely manner. Based on the aforesaid, we are of the opinion that the proposed Grant of Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### **Other financing alternatives**

As advised by the Directors, apart from equity financing, the Directors will also consider other financing methods such as bank financing and debt financing so as to meet its financing requirements arising from any future development of the Group, depending on the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. Bank financing and debt financing will usually incur interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with the banks. As for the other forms of pro rata equity financing methods such as rights issue or open offer, most would result in substantial costs including but not limited to legal costs and underwriting commissions and the Company may not be able to procure favourable terms in commercial underwriting. Accordingly, the Directors consider that the proposed Grant of Issue Mandate may provide an alternative to fund any possible business development or investment opportunities of the Group. Further, the Directors confirmed that they would exercise due and careful consideration when choosing the financing method available to the Group and would adopt the method which serves the best interest of the Group. Given that the proposed Grant of Issue Mandate would (i) enhance the flexibility of the Company to raise fund as and when opportunities arise in the future; and (ii) provide the Company with an additional alternative to finance such opportunities, we thus concur with the Directors' view that the proposed Grant of Issue Mandate is in the interest of the Company and the Independent Shareholders as a whole.

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## LETTER FROM VINCO CAPITAL

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### Potential dilution to shareholding of the Independent Shareholders

Set out below is a table illustrating the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilization of the proposed Grant of Issue Mandate (assuming no Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM):

Directors	As at the Latest Practicable Date		Upon full utilization of the refreshed mandate (assuming no Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mr. Yeung Ming Kwong ( <i>Note 1</i> )	4,421,047	0.23	4,421,047	0.19
Mr. Wen Louis ( <i>Note 2</i> )	7,500	0.0004	7,500	0.0003
 <b>Public Shareholders</b>				
New Shares issued under the refreshed mandate	–	–	381,253,567	16.67
Other public Shareholders	<u>1,901,839,290</u>	<u>99.77</u>	<u>1,901,839,290</u>	<u>83.14</u>
 Total	 <u><u>1,906,267,837</u></u>	 <u><u>100.00</u></u>	 <u><u>2,287,521,404</u></u>	 <u><u>100.00</u></u>

*Note:*

- (1) Mr. Yeung Ming Kwong is the acting chairman of the Company and an executive Director.
- (2) This represents the interests, being 7,500 Shares, held by the spouse of Mr. Wen Louis, an executive Director.

The above figures were calculated on the assumption that (i) the proposed Grant of Issue Mandate is approved by the Independent Shareholders at the EGM; (ii) no Shares will be issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM; and (iii) upon full utilization of the proposed Grant of Issue Mandate, 381,253,567 new Shares will be issued, representing 20% of the entire issued share capital of the Company as at the Latest Practicable Date, and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares issued under the proposed Grant of Issue Mandate.

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## LETTER FROM VINCO CAPITAL

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The aggregate shareholding of the other public Shareholders will decrease from approximately 99.77% to approximately 83.14% upon full utilization of the proposed Grant of Issue Mandate, representing a potential maximum dilution of approximately 16.63%. Taking into account that (i) the proposed Grant of Issue Mandate will provide an alternative to increase the amount of capital; (ii) the proposed Grant of Issue Mandate will provide more financing alternatives to the Group for further development of its business as well as potential investment and/or acquisitions as and when such opportunities arise and; (iii) the fact that the shareholding of all the Shareholders will be diluted proportionally according to their respective shareholdings upon any utilization of the proposed Grant of 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 proposed Grant of Issue Mandate is fair and reasonable, so far as the Independent Shareholders are concerned and that the proposed Grant of 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 proposed Grant of Issue Mandate.

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

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## NOTICE OF EGM

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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 9:00 a.m. on Tuesday, 23 March 2010 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions 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 pursuant to the approval in paragraphs 2(a) and (b), otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached

\* For identification purpose only

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## NOTICE OF EGM

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to warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, 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 of the Cayman Islands 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).”

2. **“THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of the Company to be issued upon the exercise of options under the share option scheme adopted by the Company on 6 August 2007 (the “Share Option Scheme”), 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)



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## NOTICE OF EGM

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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 of Hong Kong Limited, 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.”

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

Hong Kong, 8 March 2010

*Registered Office:*

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

*Principal Place of Business in Hong Kong:*

Room 1103, 11/F, China United Centre  
28 Marble Road  
North Point  
Hong Kong

*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 of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. 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 any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.

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## NOTICE OF EGM

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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 such power or authority, shall be delivered at the Hong Kong branch registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
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 being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

*As at the date of this notice, the Board comprises the following Directors:–*

*Executive Directors:*

Mr. Yeung Ming Kwong (*Acting Chairman*)  
Ms. Lo Oi Kwok, Sheree  
Mr. Ting Wing Cheung, Sherman  
Mr. Wen Louis  
Mr. Zhuang You Dao

*Independent Non-executive Directors:*

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