
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 or transfer was effected for transmission to the purchaser or transferee.

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



FOREFRONT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

DRAG RIGHT BEING A MAJOR TRANSACTION UNDER INVESTMENT IN AITS L.P. AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held on Monday, 27 September 2010 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. is set out on pages 28 to 30 of this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders 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 or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	13
APPENDIX II – GENERAL INFORMATION	19
NOTICE OF EGM	28

DEFINITIONS

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

“AITS L.P.”	the co-investment vehicle, being a limited partnership established for the purpose of acquiring control of certain equity securities and loan receivables of the Investee Group;
“Amended and Restated Limited Partnership Agreement”	the limited partnership agreement relating to AITS L.P. as amended and restated from time to time;
“Announcements”	the announcement dated 17 August 2010 and 24 August 2010 issued by the Company in relation to, among other matters, the Investment;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday or Sunday) on which banks are generally open for business in Hong Kong;
“Company”	Forefront Group Limited (Stock Code: 885), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Deed of Adherence”	deed of adherence dated 17 August 2010 between the General Partner and Pan Fortune;
“Directors”	directors of the Company;
“Document Escrow”	the escrow arrangement in relation to delivery of the Partnership Documentation as described in the Company’s announcement dated 27 July 2010;

DEFINITIONS

“Drag Right”	the right of the Lead Investor to require the limited partners of AITS L.P. to dispose of their units in AITS L.P. under the Amended and Restated Limited Partnership Agreement;
“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 Monday, 27 September 2010 at 9:00 a.m. or any adjournment thereof for the purpose of approving the Investment;
“General Partner”	the general partner of AITS L.P. from time to time which is currently AITS Cayman Limited;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Investee Group” or “AITS”	Air International Thermal Systems Group, designer and supplier of heating, ventilation and air conditioning (HVAC) units and power train cooling (PTC) systems to automotive manufacturers;
“Investment”	subscription of 10,000,000 A units in AITS L.P. by Pan Fortune under the Investors’ Subscription Agreement;
“Investors’ Subscription Agreement”	the investors’ subscription agreement for AITS L.P. dated 17 August 2010 entered into between the General Partner and others;
“Latest Practicable Date”	3 September 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Lead Investor”	Asia Opportunity Fund III L.P., AOF III Employee Co invest Fund, L.P. and AOF III Employee Co invest Fund A, L.P., which are private equity funds of Unitas and which will own a majority of the units in AITS L.P.;

DEFINITIONS

“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange;
“Mr. Yeung”	Yeung Ming Kwong, an executive Director;
“Pan Fortune”	Pan Fortune Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and whose principal business activity is to hold the Investment and which is an indirect wholly-owned subsidiary of the Company;
“Partnership Documentation”	Investors’ Subscription Agreement, Amended and Restated Limited Partnership Agreement and Deed of Adherence;
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Put Option”	the put option granted by Mr. Yeung in favour of the Company which will entitle the Company to require Mr. Yeung to acquire from the Company the Investment or the entire issued shares of Pan Fortune under the Put Option Agreement;
“Put Option Agreement”	a put option agreement dated 17 August 2010 entered into between the Company and Mr. Yeung under which Mr. Yeung agreed to grant the Put Option in favour of the Company;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

DEFINITIONS

“Special Limited Partner”	AITS Cayman II Limited, a special limited partner of AITS L.P.;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Unitas”	Unitas Capital Asia Pte. Ltd., a private equity firm;
“US\$”	United States dollar, the lawful currency of the United States of America;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



FOREFRONT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

Executive Directors:

Mr. Yeung Ming Kwong (*Acting Chairman*)
Ms. Lo Oi Kwok, Sheree
Mr. Wen Louis
Mr. Zhuang You Dao
Mr. Lam Yick Sing

Independent non-executive Directors:

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

Registered 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 in Hong Kong:*

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

9 September 2010

To the Shareholders

Dear Sir/Madam,

**DRAG RIGHT BEING A MAJOR TRANSACTION UNDER
INVESTMENT IN AITS L.P.
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements in relation to, among other matters, the Investment. The purpose of this circular is to provide you with further details of the Investment (including the Drag Right) and the notice of EGM.

* For identification purpose only

LETTER FROM THE BOARD

The directors believe that the proposed Investment, via Coinvest L.P., in AITS, represents a good opportunity to capitalize on the growth of the auto sector globally.

The Group, which has a strategy focused on growing its exposure to the auto sector both via direct ownership and operation of business, as well as through pure financial investment, believes that AITS fits well with this strategy.

Set out below is a principal summary of the terms of the Partnership Documentation.

INVESTORS' SUBSCRIPTION AGREEMENT

Date

17 August 2010

Parties

The parties are (i) Pan Fortune Investments Limited, an indirect wholly-owned subsidiary of Forefront Group Limited; (ii) General Partner; (iii) Lead Investor; (iv) Special Limited Partner and (v) certain third party investors. The General Partner, the Lead Investor, the Special Limited Partner and third party investors and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be Acquired by Pan Fortune

Pan Fortune has committed to acquire 10,000,000 A units in AITS L.P.. The investment in AITS L.P. is considered to be a portfolio investment for the Company as Pan Fortune's interest does not give it any control over AITS L.P.. There are three main classes of units: A units held by Pan Fortune and certain other co-investors; ordinary units which principally will be held by the Lead Investor; and one B unit which will be held by the Special Limited Partner, an affiliate of the General Partner and the Investment Advisor.

In terms of distribution of proceeds from AITS L.P., all limited partners holding A units or ordinary units are entitled to distribution of proceeds in accordance with their proportionate entitlement, which is based upon the number of A units and ordinary units held by them as a proportion of all A units and ordinary units. Holders of A units will be distributed proceeds in order to obtain a preferred return (as set out in the Amended and Restated Limited Partnership Agreement) and after such preferred return is satisfied and after holder of B unit has received proceeds of up to a percentage of the preferred return received by holders of A units, the remaining proceeds will be shared between holders of A units and holder of the B unit in an agreed proportion. Holders of ordinary units will receive distribution of proceeds in proportion to the units held by them.

LETTER FROM THE BOARD

Pan Fortune's first capital commitment is for 7,777,778 A Units for a commitment of US \$7,777,777.78. This amount will be used to fund the initial acquisition proposed to be undertaken by AITS L.P. as described above. The balance of its capital commitment (2,222,222 A Units/US \$2,222,222.22) may be called by the General Partner as required to fund the activities of AITS L.P. and its subsidiaries following the acquisition. As at the Latest Practicable Date, Pan Fortune has paid commitment of US\$7,777,777.78.

Investment Amount by Pan Fortune

US\$10,000,000 in total and payable in different amounts as notified by the General Partner in capital calls as described above.

Use of investment proceeds

The investment proceeds have been used by AITS L.P. for the purpose of (i) acquiring the equity securities in the Investee Group, in addition to certain loans owed by the Investee Group; (ii) providing working capital to AITS L.P. and its subsidiaries; and (iii) settling of costs and expenses in relation to AITS L.P. and the proposed acquisition.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

Date

17 August 2010

Parties

The parties are (i) Pan Fortune Investments Limited, an indirect wholly-owned subsidiary of Forefront Group Limited; (ii) General Partner; (iii) Lead Investor; (iv) Special Limited Partner and (v) certain third party investors.

Under the Amended and Restated Limited Partnership Agreement, the General Partner has the exclusive responsibility for the operation of AITS L.P. and the management, conduct and control of its business and affairs and take all investment decisions on behalf of AITS L.P.. The limited partners (including Pan Fortune) will not take part in the conduct or management of AITS L.P. and will have no right or authority to act for AITS L.P. or interfere in the conduct or management of AITS L.P..

LETTER FROM THE BOARD

AITIS L.P. will appoint Unitas Capital III Ltd. as investment advisor (which is an affiliate of the General Partner) to provide management services in assisting AITS L.P. and its subsidiaries in analyzing its operations and future prospects.

The limited partners will be provided with reasonable access to books and records and annual accounts of AITS L.P. and its subsidiaries from time to time.

Distributions

Distributions shall be made to the limited partners on a pro rata basis based upon the number of A units or ordinary units held by them, except that if certain performance thresholds are satisfied, there will be a partial sharing of distributions in excess of those performance thresholds between the holders of A units and the B limited partner in accordance with the terms of the Amended and Restated Limited Partnership Agreement.

Future funding

The limited partners may be permitted (but are not obliged) at the discretion of the General Partner to increase their commitment to AITS L.P.. If future funding is required, the General Partner may invite the limited partners to make further capital contribution and the limited partners may, after compliance with the applicable rules and regulations if required, elect to make further contribution.

Disposal by Limited Partners

The units in AITS L.P. may not be disposed of by any limited partner (other than the Lead Investor) except with the prior written consent of the General Partner or under certain exceptions relating to tag along and drag along rights and transfers to wholly-owned subsidiaries or associates. New limited partners are required to execute a deed of adherence to the partnership.

Where the Lead Investor proposes to dispose of its units in AITS L.P. to a purchaser, other limited partners may dispose of their units in AITS L.P. to the purchaser at the same price and on the same terms as the proposed disposal by the Lead Investor, subject to compliance with mandatory regulatory conditions by the relevant limited partner.

LETTER FROM THE BOARD

In addition, if the Lead Investor proposes to dispose of its units in AITS L.P. under a bona fide arm's length offer to a transferee, it has the option to require the limited partners (including Pan Fortune) to sell their respective units in AITS L.P. to the transferee at a price not lower than the price offered to the transferee. Such option constitutes an option under Rule 14.74 of the Listing Rules the exercise of which is not at the Company's discretion. The Drag Right is a major transaction for the Company, which will be put forward to Shareholders for their approval at the EGM. If at the time of exercise of the Drag Right, the disposal falls within a higher class of notifiable transaction, the Company will comply with the disclosure requirements applicable to that higher class which are in addition to those under a major transaction. For the avoidance of doubt, if Shareholders have approved the Investment (including the Drag Right) at the EGM, no further Shareholders meeting will be held even though the Drag Right may fall within a higher class of notifiable transaction at that time. The Investment constitutes a discloseable transaction for the Company and is not required under the Listing Rules to be made subject to approval of Shareholders. However, in light of the Drag Right, both the Investment and the Drag Right will be put forward to Shareholders for their approval at the EGM.

The expected gain or loss to accrue to the Company is not known at present as the Drag Right has not been exercised as at the Latest Practicable Date. Any gain or loss on a disposal will be calculated as the difference between the cost of investment or revalued amount of the investment at the date of disposal and the amount of the relevant units at which they are disposed. The proceeds from any disposal are intended to be used as working capital of the Group.

The Company believes that there will not have significant impact on the earnings, assets and liabilities of the Company regarding the disposal.

In connection with the Investment, Pan Fortune has also entered into the Deed of Adherence to the partnership agreement governing AITS L.P. under which Pan Fortune agreed to comply with and perform the obligations of a limited partner under the partnership agreement.

PUT OPTION

In light of the Drag Right, the Company has entered into the Put Option Agreement dated 17 August 2010 with a Director, Mr. Yeung, so that in the event that Shareholders' approval is not obtained in respect of the Investment (including the Drag Right), the Company will have a right, subject to compliance with the Listing Rules, to require Mr. Yeung to acquire all the issued share capital of Pan Fortune or all the units owned by Pan Fortune in AITS L.P. at the same investment cost (i.e. US\$10 million) made by Pan Fortune. The transfer to Mr. Yeung if it occurs will be a connected transaction for the Company subject to the then applicable requirements of the Listing Rules which may include independent shareholders' approval.

LETTER FROM THE BOARD

Under the Put Option Agreement, the Company may require Mr. Yeung to purchase the entire issued share capital of Pan Fortune or all of the Investment. If there is any outstanding shareholders loan provided to Pan Fortune or any guarantee or security provided by the Company or its wholly-owned subsidiaries in respect of obligations of Pan Fortune as at the date of exercise of the Put Option, the Company may require Mr. Yeung to acquire such loan at face value or to procure the release of any such guarantee or security if the acquisition is in respect of the issued shares in Pan Fortune rather than the units in AITS L.P..

The Put Option is exercisable by Forefront within 60 days of the date on which a resolution in respect of the Investment (including the Drag Right) is voted down by the Shareholders or any other date selected by Forefront. If the Put Option is not exercised during the exercise period, the Put Option will terminate on the earliest of the date on which (i) the Shareholders approve the Investment (including the Drag Right) in a shareholders meeting; or (ii) Pan Fortune ceases to be a wholly-owned subsidiary of the Company or Pan Fortune no longer holds the Investment; or (iii) the expiry of the exercise period. Mr. Yeung has represented to the Company that he is at the date of the Put Option Agreement and will at the time of exercise of the Put Option, able to satisfy his obligations under the Put Option Agreement including having sufficient financial resources.

The grant of the put option by Mr. Yeung constitutes an option falling under Rule 14A.70 of the Listing Rules, the exercise of which is at the Company's discretion. The premium under the put option is HK\$10.00.

INFORMATION ON THE COMPANY

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

INFORMATION RELATING TO PARTIES TO THE PARTNERSHIP AND THE INVESTEE GROUP

Air International Thermal Systems Group is a designer and supplier of heating, ventilation, and air conditioning (HVAC) units and power train cooling (PTC) systems to automotive manufacturers. It operates mainly in locations across Australia, China, Asia, and North America. The major customers include General Motor, Volkswagen, Chang'an Automotive and Ford.

LETTER FROM THE BOARD

Founded more than 40 years ago the Investee Group has a long track record in its core geographies, including more than a decade of design and manufacturing experience in China through facilities in Chongqing and Shanghai. The Investee Group's cost efficient operating model and stringent focus on customer satisfaction position the Investee Group to capitalize on the expected ongoing rapid growth in the automotive sector in China.

The General Partner of AITS L.P. is an exempted company incorporated under the laws of the Cayman Islands . The Lead Investor comprises a buyout fund and its affiliated funds, and is also advised by Unitas, which is an Asian private equity fund manager. Further information about Unitas is set out below. The Special Limited Partner is a special limited partner and subscriber of B units in AITS L.P.. The other co-investors belong to groups which are principally engaged in investment and financing.

REASONS FOR THE SUBSCRIPTION

Under the Partnership Documentation, Pan Fortune has, alongside the Lead Investor and other co-investors, subscribed for units in AITS L.P., a limited partnership formed in the Cayman Islands. AITS L.P. has used the subscription moneys to acquire equity securities and loan receivables of the Investee Group.

The General Partner, which is an affiliate of Unitas, will be the manager of AITS L.P. and will be solely responsible for the management and control of AITS L.P.. It will be advised by the Investment Advisor, which is also an affiliate of Unitas.

Unitas is one of the pioneers in large leveraged buy-out transactions in Asia – since inception in 1999, funds advised by Unitas have invested in excess of US\$2.5 billion in equity capital in 27 transactions across a broad range of industries and geographies. The firm has professionals across the Asia Pacific region focusing on value creation for its portfolio companies through operational improvements, leveraging its team of in-house operating investment professionals to support key operating improvement initiatives undertaken by its portfolio companies.

The Directors believe that the Company will receive the economic benefits from investing in AITS L.P. through Unitas' involvement and management, including a targeted further improvement in the Investee Group's investment value.

The Investment is intended to keep as investment held for sale. The General Partner will be responsible for the disposal of interests, an initial public offering or the sale of all or part of the shares or assets pursuant to the Partnership Documentation.

LETTER FROM THE BOARD

In view of the above reasons, the Directors (including the independent non-executive directors) are of the opinion that the terms of the Partnership Documentation (including the Drag Right) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

EGM

The notice convening the EGM is set out on pages 28 to 30 of this circular for the purpose of considering and, if though fit, passing the ordinary resolution set out therein.

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

The voting of the Shareholders at the EGM must be taken by way of poll. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transaction contemplated under the Partnership Documentation who will be required to abstain from voting at the EGM in respect of the resolution relating to the Investment.

RECOMMENDATION

The Directors consider that the Investment (including the Drag Right) is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the ordinary resolution approving the Investment (including the Drag Right) at the EGM.

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

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group had the following major business activities during the year ended 31 December 2009:–

Tianjin Motor Business

The Group acquired 50% equity interest in Tianjin Kai Sheng Automobile Service Co., Ltd (“Kai Sheng”) on 11 October 2007. Kai Sheng and its subsidiaries operated automobile sales and repair centers in Tianjin city, the PRC. Since Kai Sheng and its subsidiaries obtained permission to conduct the sales and repair services of Zhengzhou Nissan under the authorisation of Zhengzhou Nissan Automobiles Sales Company Limited, the sales volume increased, cost of the operation trimmed-down and overall performance improved. During the year, Kai Sheng and its subsidiaries still incurred loss in the operation and had no contribution to the Group. After the year end, various news regarding factory defects and safety problem on Japan’s brand motor vehicles reveals in the global motor vehicle market. These news affected the market demand and the sales of Kai Sheng. It is expected that the performance of Kai Sheng will face a great challenge in the coming year.

Logistic Services

The Group has invested in 40% issued share capital of Golden Fame International Investments Group Limited (“GFIIGL”) since 13 September 2007. GFIIGL provides various logistic services in Hong Kong and the PRC including third party logistics, freight forwarding, supply chain management, river trade shipping and terminal stevedoring. During the year, the overall profits of GFIIGL increased despite the global economic recession and downturn on cargo volume, GFIIGL has made approximately HK\$3.69 million contribution to the Group results. It is expected that GFIIGL will have slight increase in her performance amid a global economic recovery.

Trading of Securities

The Group invested its surplus cash in Hong Kong listed securities. The Hong Kong stock market has undergone a recovery from the global financial tsunami. During the year, the Group received gross proceeds of HK\$202.04 million from disposal of trading securities with carrying value of HK\$159.71 million at the time of disposal, and recorded a realised profit of approximately HK\$42.33 million. In addition, the Group recorded an unrealised profit of HK\$26.84 million from change in fair value of the trading securities held at the end of the reporting period.

Money Lending Business

The Group has used its surplus cash to fund a money lending business through its indirect wholly-owned subsidiary, Forefront Finance Co., Limited. During the year, Forefront Finance Co., Limited had recovered all outstanding principal amount of HK\$27.5 million together with all outstanding interest in respect of which Tack Fat Group International Limited (Stock code 928) defaulted in year 2008 as well as recovered certain outstanding loans of total amount of HK\$30.84 million which were fully provided as doubtful debts for the year ended 31 December 2008. For the year ended 31 December 2009, Forefront Finance Co., Ltd contributed HK\$4.19 million interest income to the Group.

Carbon Fiber Business

During the year under review, the Group through its indirect wholly owned subsidiaries invested in 42.86% in the registered share capital of 天華溢威特種纖維 (新泰) 有限公司 (Tinhua Excel Way Special Fiber (Xintai) Co., Ltd) (“Tinhua”). The business scope of Tinhua includes the sale and production of polyacrylonitrile based carbon fiber precursor, carbon fiber, carbon fiber prepreg and other special fiber. The production was originally expected to commence in the first quarter of year 2010. The Group considers the operation of the carbon fiber project should require substantial amount of bank borrowing, however, Tinhua’s application for the loan facility of RMB300 million need to undergo lengthy administrative procedures, and Tinhua has not received any banking facilities for financing the carbon fiber project. Given the uncertainties in the investment in Tinhua, the Group has explored the possibility of reducing the capital contribution in Tinhua and has discussed with the joint venture partner, however, no agreement between the Group and the joint venture partner has been reached in this connection. Since then the Group has not received any notification from the joint venture partner in relation to any further capital contribution requirement that should be made by the Group or agreement for the reduction of capital contribution. On 14 April 2010, the directors of Excel Way Investments Ltd. (“Excel Way”), an indirect wholly-owned subsidiary of the Group and holds an aggregate of 42.86% in Tinhua resolved to place Excel Way into voluntary liquidation pursuant to Section 228A of the Companies Ordinance of Hong Kong. Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited (now known as FTI Consulting), were appointed provisional liquidators of Excel Way on the same day to preserve and ascertain the residual value of the Company’s investment in the associate company. Taken into account the possibility of recovering the residual value is low, impairment loss of HK\$158.50 million had been made on the Group’s interest in Tinhua.

The Group has the following major business activities during the period ended 30 June 2010 under review:—

Tianjin Motor Business

The Company through its indirect wholly-owned subsidiary, Crown Creation Limited, acquired 50% of the equity interest in 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Co., Ltd.) (“Tianjin Kai Sheng”). Tianjin Kai Sheng and its subsidiaries 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. During the period under review, the overall operations of Tianjin Kai Sheng improved due to increase in sale volume as well as successful in cost control. Tianjin Kai Sheng contributed a HK\$0.59 million to the Group’s interim result. Tianjin Kai Sheng will manage to maintain the performance, even if problem in increase in inventory stock, decrease in demand will be faced in the second half of the year in the PRC’s motor vehicles sales market.

Logistic Services

The Group through its indirect wholly-owned subsidiary has invested 40% issued share capital of Golden Fame International Investments Group Limited (“GFIIGL”) since 13 September 2007. GFIIGL provides various logistics services in Hong Kong and the PRC including third party logistics, freight forwarding, airline general sales agency, supply chain management, river trade shipping and terminal stevedoring. During the reporting period under review, the overall profits of GFIIGL increased along with a steady global economic recovery and an increase in cargo throughput and contribute HK\$3.51 million to the results of the Group. Subject to the market trends and conditions remain unchanged, GFIIGL will continue with a relatively strong performance for the remaining second half of year.

Trading of securities

The Group invested its surplus cash in Hong Kong’s listed securities as short-term investments. During the first half of the year, the Group recorded an realised profits of HK\$9.17 million from the disposal of certain securities and an unrealised losses of a HK\$124.90 million on the portfolio.

Money lending business

The Group used part of its surplus cash through its indirect wholly-owned subsidiary, Forefront Finance Co., Ltd, to provide short-term loans to various borrowers. Those short term loans normally carried interest rate of 2% to prime rate plus 2% per annum. During the period under review, Forefront Finance Co., Ltd contributed profit of HK\$1.35 million to the results of the Group.

Property Investments

On 19 May 2010, the Group indirect wholly-owned subsidiary, Loyal Castle Investments Limited, completed its acquisition of Perfect Time Investments Limited at a consideration of HK\$100 million. The consideration was satisfied by issue of 400,000,000 shares of the Company to Willie International Holdings Limited. Perfect Time Investments Limited and its wholly owned subsidiary holds a 20-storey composite building located at Guangzhou City, the PRC. At the date of completion, the 400,000,000 consideration shares valued at HK\$60 million were issued. On 26 May 2010, the Group completed its disposal of Prefect Time Investments Limited to an independent third party at HK\$85 million. The acquisition and disposal contributed a profit of HK\$25 million to the Group's result.

Forest Interest Business

On 26 April 2010, the Group' indirectly wholly-owned subsidiary, Regent Square Limited, completed its acquisition of Richful Zone International Limited at a consideration of HK\$79.2 million. The consideration was satisfied by issue of 330,000,000 company's shares at an issue price of HK\$0.24 per share to Mascotte Holdings Limited. Richful Zone International Limited and its subsidiary holds 50% interest in a concession rights and interest in forestry contracts in respect of a forest land. The forest Land is located in Simao District, Pure City, Yunnan Province, the PRC, with a total site area of approximately 36,735 Chinese Mu.

Carbon Fiber Business

As disclosed in the Company's announcement dated 14 April 2010 and last annual report dated 23 April 2010, the directors of Excel Way Investments Ltd. ("Excel Way"), an indirect wholly-owned subsidiary of the Group and holds an aggregate of 42.86% in Tinhua Excel Way Special Fiber (Xintai) Co., Ltd. resolved to place Excel Way into voluntary liquidation pursuant to Section 228A of the Companies Ordinance of Hong Kong. Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited (now known as FTI Consulting), were appointed provisional liquidators of Excel Way on the same day to preserve and ascertain the residual value of the Company's investment in Excel Way. The impairment loss of HK\$158.50 million regarding the investment had been made in the last year financial statements of the Group.

PROSPECT

On 17 August 2010, the Company's indirect wholly-owned subsidiary, Pan Fortune entered into a investors' subscription agreement to invest a total of US\$10,000,000 into a co-investment vehicle established for the purpose of acquiring control of equity securities and loan receivables of an investee group which is a supplier of automotive components, supplying both original equipment manufacturers and the aftermarket. The investment is subject to the approval by independent shareholders at the EGM. If the investment is approved at the upcoming EGM, the Company intends to keep the investment as investment held for sale. Details of the investment was stated on the announcement of the Company dated 17 August 2010 and in this circular.

2. INDEBTEDNESS

At the close of business on 31 July 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has pledged all its investments held for trading to secure margin financing facilities obtained from a regulated securities dealer, which the margin value to the extent of HK\$238,240,396 was available as at 31 July 2010. No part of the facilities was utilised as at 31 July 2010.

On 17 December 2009, the Company issued HK\$110,000,000 of convertible bonds ("First Convertible Bonds"). Under the terms of the First Convertible Bonds, options would be granted to the converting bondholders on any conversion of the First Convertible Bonds effected within one year from their date of issue (the "Options"). The Options would entitle the converting bondholders to subscribe, in cash at 100% of the principal amount, for further convertible bonds equal to the principal amount of the First Convertible Bonds ("Optional Bonds"). All First Convertible Bonds had been converted into the Company's shares and the Options were issued on 11 February 2010, which entitled the holders of Options holders to subscribe for HK\$110,000,000 Optional Bonds. The bondholders of the Optional Bonds have the rights to convert the bonds into the Company's shares at the adjusted conversion price of HK\$0.339 per share. As at 31 July 2010, the Options to subscribe HK\$38,500,000 Optional Bonds had been exercised and converted into the Company's shares and the Options to subscribe HK\$71,500,000 Optional Bonds with maturity date of 16 December 2010 have yet to be exercised. Pursuant to the terms and conditions of the Optional Bonds, the conversion price was further adjusted from HK\$0.339 per share to HK\$0.322 per share as a result of the completion of the placing of the Company's shares on 29 July 2010.

There is a contingent liability potentially arising from an alleged claim from Mr. Lo Chia Yu (“Mr. Lo”) against Forefront Automotive Services Company Limited (“FAS”), a wholly-owned subsidiary of the Company, whereby Mr. Lo alleged that FAS has agreed to purchase and Mr. Lo has agreed to sell 13% of the share capital of Global Travel Holdings Limited (“Global Travel”) at a consideration of HK\$7,800,000. FAS’s position is that the agreement was subject to it conducting due diligence on Global Travel to its satisfaction. As requested, FAS paid a deposit of HK\$2,000,000 to Mr. Lo. Subsequently, the accounting firm employed by FAS reported unsatisfactory due diligence, therefore FAS did not elect to proceed with the alleged agreement. Mr. Lo has filed proceedings claiming HK\$7,800,000 together with alternative damage and FAS has lodged a counter claim to Mr. Lo for the return of the HK\$2,000,000 deposit paid. A contingent liability netting off the counter claims as set out above amounting to HK\$5,800,000 are alleged to be due from FAS to Mr. Lo. The matter has not progressed after an initial hearing and was adjourned to a further date to be determined by the court subject to its receipt of sufficient documents from the two parties. The Group has not received any notice in relation to any specific dates for any further hearing.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 July 2010, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources and the borrowings, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were entered into the register required to be kept under section 352 of the SFO were as follows:–

(i) Long positions in Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Yeung Ming Kwong	Beneficial owner	4,421,047	0.11%
Wen Louis (<i>Note 1</i>)	Interest attributed by spouse	7,500	0.00%

Notes:

- These Shares are held by Ms. Warphon Suwannahong, who is the spouse of Mr. Wen Louis, an executive director of the Company.

(ii) Long positions in shares or registered capital of associated corporations

Name of Director	Name of associated corporation	Capacity	Number of shares or amount of registered capital in associated corporations	Approximate percentage of shareholding or registered capital
Zhuang You Dao	Tianjin Kai Sheng Automotive Service Co. Ltd.	Corporate interest	RMB7,500,000	50%
Zhuang You Dao	Tianjin Jinri Automobile Sale & Service Co. Ltd.	Beneficial interest	RMB6,750,000	45%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were entered into the register required to be kept under section 352 of the SFO.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

(i) Long positions in the Shares:

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Willie International Holdings Limited <i>(Note 1)</i>	Interest of controlled corporations	583,711,000	14.37%
Ms. Lo Ki Yan, Karen <i>(Note 2)</i>	Interest of controlled corporations	400,000,000	9.85%
Mascotte Holdings Limited	Beneficial owner	330,000,000	8.13%

Notes:

- Willie International Holdings Limited (Stock code 273), a company listed on the Stock Exchange of Hong Kong Limited, is interested in 400,000,000 shares of the capital of the Company through its subsidiary CW Financing Limited and which is in turn wholly owned by Cordoba Homes Finance Limited. Cordoba Homes Finance Limited is wholly-owned by Cordoba Homes Limited which is 55.27% owned by Willie International Holdings Limited. The remaining 183,711,000 shares of the capital of the Company is beneficial owned by its wholly-owned subsidiary Pearl Decade Limited, which is in turn wholly-owned by Nice Hill International Limited. Nice Hill International Limited is wholly-owned by Rawcliffe International Limited. Rawcliffe International Limited is wholly-owned by Willie Resources Incorporated which is in turn wholly-owned by Willie International Holdings Limited. Mr. Wen Louis, executive director of the Company is also an independent non-executive director of Willie International Holdings Limited.
- Ms. Lo Ki Yan, Karen is interested in the share capital of the Company through Ristora Investments Limited. Ristora Investment owned 44.73 % of Cordoba Homes Limited which wholly-owns Cordoba Homes Finance Limited. CW Financing Limited, the beneficial owner of 400,000,000 shares of the capital of the Company, is the wholly-owned subsidiary of Cordoba Homes Finance Limited. These shareholdings are part of the Shares in which Willie International Holdings Limited is interested as stated in note 1 above.

(ii) Other members of the Group:

Name of subsidiary	Name of shareholder	Approximate percentage of shareholding
Talenteam Development Limited	China Railway Investments Group (Hong Kong) Limited	38.75%
Forerunner (China) Development Co. Ltd.	Shenzhen Sinotrans Storage and Transportation Co. Ltd.	36.25%

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

As at the Latest Practicable Date, save for Mr. Yeung's interest in the Put Option:-

- (i) none of the Directors had any direct or indirect interests in any assets which have since 31 December 2009 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group;
- (ii) none of the Directors was materially interested in any contracts or arrangements entered into by any members of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service agreement with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

4. LITIGATION

As at the Latest Practicable Date, save as referred to in the section headed “Indebtedness” in Appendix I to this Circular, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

6. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business carried on or intend to be carried on by the Group) within the two years preceding the Latest Practicable Date and are or may be material:–

- (1) a loan agreement dated 3 September 2008 entered into between Forefront Finance Co., Ltd and Willie Financing Limited whereby Willie Financing Limited agreed to lend HK\$10,000,000 to Forefront Finance Co., Ltd for a term of one year at interest rate of prime rate per annum;
- (2) a settlement agreement dated 6 March 2009 entered into between Forefront International (Hong Kong) Limited (“Forefront International”), The Kowloon Motor Bus Company (1933) Limited (“KMB”), Sun Bus Limited and Scania (Hong Kong) Limited in relation to, among others, the High Court Action No. 1217/2008 brought by Forefront International against KMB and the counterclaim made by KMB;
- (3) a settlement deed entered into on 3 April 2009 between the Company, the provisional liquidators, Tack Fat Group International Limited, Hansom Finance Limited, Radford Developments Limited and Merrier Limited whereby Merrier Limited agreed to transfer 700 ordinary shares of Ever Century Holdings Limited to Tack Fat Group International Limited;

- (4) the subscription agreement dated 26 August, 2008 and supplemental subscription agreement dated 6 April 2009 entered into between Ready Capital Limited, Excel Way Investments Limited and Mr. Yeung Ming Kwong under which Ready Capital Limited agreed to subscribe for 15,300 new shares in Excel Way Investments Limited at a cash consideration of US\$7.5 million;
- (5) the conditional sale and purchase agreement dated 6 April, 2009 entered into by Mr. Yeung Ming Kwong, Mr. Zhang Hua and Harvest Peace Limited in relation to the sale by Mr. Yeung Ming Kwong and Mr. Zhang Hua and purchase by Harvest Peace Limited of 10,000 shares in Shinning Global Worldwide Limited at a consideration of HK\$100 million satisfied by the issue of non interest bearing convertible note in the principal amount of HK\$100 million issued by the Company;
- (6) an agreement dated 18 June 2009 entered into between the Company and Get Nice Securities Limited regarding the placing of 227,270,000 new shares at HK\$0.25 per share to independent investors;
- (7) a litigation funding agreement dated 10 July 2009 entered into between Forefront Finance Co., Limited and Potter Industries Limited to fund litigation against a third party relating to a purported share transfer;
- (8) an underwriting agreement dated 11 August 2009 entered into between the Company and Get Nice Securities Limited in relation to the underwriting arrangement in respect of 1,098,461,165 rights shares at a subscription price of HK\$0.28 per rights share;
- (9) an agreement dated 20 August 2009 entered into between the Company and Get Nice Securities Limited regarding the placing of a maximum of 337,988,721 new shares at HK\$0.11 per Share to independent investors;
- (10) an agreement dated 17 September 2009 (as amended by the supplement agreements dated 15 December 2009 and 17 December 2009) entered into between the Company and Chung Nam Securities Limited regarding the placing of convertible bonds with options up to an aggregate principal amount of HK\$220 million to certain subscribers (“Subscribers”) together with the subscription agreements between the Company and each of the Subscribers;
- (11) an agreement dated 14 December 2009 entered into between Crown Creation Limited, an indirect wholly-owned subsidiary of the Company, and 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited), an associated company of the Company in respect of which the Company indirectly owns 50% equity interest, pursuant to which Crown Creation Limited agreed to lend HK\$12,500,000 to 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited) for financing its business operation in the PRC;

- (12) a supplemental agreement dated 29 January 2010 entered into between Crown Creation Limited, an indirect wholly-owned subsidiary of the Company, 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited) and Mr. Zhuang You Dao, an executive director of the Company and the guarantor of the loan regarding the amendment of the loan agreement dated 14 December 2009;
- (13) a termination agreement dated 5 February 2010 entered into between Crown Creation Limited, an indirect wholly-owned subsidiary of the Company, 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited) and Mr. Zhuang You Dao, an executive director of the Company and the guarantor of the loan regarding the termination of loan agreement dated 14 December 2009, the supplemental agreement dated 29 January 2010 and the release the deed of personal guarantee;
- (14) a conditional sale and purchase agreement dated 24 March 2010 entered into between the Company and Grace Shine Investments Limited, a non-wholly owned subsidiary of Willie International Holdings Limited (Stock code: 273) in relation to the sale and purchase of shares in Perfect Time Investments Limited and the shareholder's loan at a consideration of HK\$100,000,000 satisfied by the issue of 400,000,000 shares of the Company at HK\$0.25 each;
- (15) a settlement deed entered into on 9 April 2010 between Forefront Finance Co., Limited, Mr. Fok Hei Yu and Mr. Roderick John Sutton as the provisional liquidators, Tack Fat Group International Limited, Hansom Finance Limited, Radford Developments Limited and Merrier Limited whereby Merrier Limited agreed to transfer 700 ordinary shares of Ever Century Holdings Limited to Tack Fat Group International Limited;
- (16) a conditional sale and purchase agreement dated 9 April 2010 entered into between Regent Square Limited, an indirect wholly owned subsidiary of the Company and Mascotte Holdings Limited in relation to the sale and purchase of shares in Richful Zone International Limited at a consideration of HK\$79,200,000 by issue of 330,000,000 shares of the Company at HK\$0.24 each;
- (17) a deed of variation dated 26 April 2010 entered into between Regent Square Limited, an indirect wholly owned subsidiary of the Company and Mascotte Holdings Limited in relation to the amendment of the sale and purchase agreement dated 9 April 2010;
- (18) a subscription agreement dated 27 April 2010 entered into between the Company and Mr. Kwong Kai Sing, Benny under which Mr. Kwong Kai Sing, Benny agreed to subscribe 60,988,080 subscription shares in the Company at a subscription price of HK\$0.22 per subscription share;

- (19) a deed of assignment dated 19 May 2010 entered into between Loyal Castle Investments Limited, an indirect wholly-owned subsidiary of the Company, Grace Shine Investments Limited, a non-wholly owned subsidiary of Willie International Holdings Limited (Stock code: 273) and Perfect Time Investments Limited in relation to the transfer of the shareholder's loan of Perfect Time Investments Limited;
- (20) a sale and purchase agreement dated 26 May 2010 entered into between Loyal Castle Investments Limited, an indirect wholly-owned subsidiary of the Company, Lang Sheng Limited in relation to the sale and purchase of shares in Perfect Time Investments Limited and the shareholder's loan at a cash consideration of HK\$85,000,000;
- (21) a deed of assignment dated 2 June 2010 entered into between Loyal Castle Investments Limited, an indirect wholly-owned subsidiary of the Company, Lang Sheng Limited and Perfect Time Investments Limited in relation to the transfer of the shareholder's loan of Perfect Time Investments Limited;
- (22) an agreement dated 18 June 2010 entered into between the Company and Kingston Securities Limited regarding the placing on fully underwritten basis of 1,250,000,000 new shares at HK\$0.10 per share to independent investors;
- (23) the Investors' Subscription Agreement;
- (24) the Amended and Restated Limited Partnership Agreement;
- (25) the Deed of Adherence;
- (26) the Document Escrow; and
- (27) the Put Option Agreement.

7. GENERAL

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the office of the Company at Room 1103, 11th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for a period of up to 14 days after the date of this circular:–

- (i) the memorandum and articles of association of the Company;
- (ii) the material contracts as disclosed in paragraph 6 of this Appendix II;
- (iii) the Annual Reports of the Company for the years ended 31 December 2007, 31 December 2008 and 31 December 2009;
- (iv) the consolidated audited accounts of the Group for the year ended 31 December 2008 and 31 December 2009; and
- (v) the circular dated 13 April 2010 in relation to discloseable transaction in relation to proposed acquisition of entire interests in Perfect Time Investments Limited and proposed issue of consideration shares under specific mandate.

NOTICE OF EGM



FOREFRONT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that a extraordinary general meeting (the “Meeting”) of Forefront Group Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Monday, 27 September 2010 at 9:00 a.m. or any adjournment thereof for the purpose of considering, and if thought fit, passing, with or without amendment, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:** –

- (a) the investment in AITS L.P. and drag right which is exercisable by the Lead Investor (as defined in the Circular) to require Pan Fortune Investments Limited to sell its investment units in AITS L.P. at a price not lower than the price offered to the transferee under the Amended and Restated Limited Partnership Agreement (as defined and described in the circular of the Company dated 17 August 2010 (the “Circular”), a copy of which has been produced at this Meeting and marked “A” and initialled by the chairman of this Meeting for the purpose of identification) and the transactions contemplated thereunder or incidental to the Amended and Restated Limited Partnership Agreement be and are hereby generally and unconditionally approved, ratified and confirmed and that the directors of the Company (the “Directors”) be and are hereby authorized on behalf of the Company (i) to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Amended and Restated Limited Partnership Agreement and all transactions contemplated thereunder and (ii) to exercise or enforce all of the rights of the Company’s indirect wholly-owned subsidiary, Pan Fortune Investments Limited under the Amended and Restated Limited Partnership Agreement and to complete the Amended and Restated Limited Partnership Agreement in accordance with its terms;

* For identification purpose only

NOTICE OF EGM

- (b) the Deed of Adherence (as defined and described in the circular of the Company dated 17 August 2010 (the “Circular”), a copy of which has been produced at this Meeting and marked “B” and initialled by the chairman of this Meeting for the purpose of identification) and the transactions contemplated thereunder or incidental to the Deed of Adherence be and are hereby generally and unconditionally approved, ratified and confirmed and that the directors of the Company (the “Directors”) be and are hereby authorized on behalf of the Company (i) to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Deed of Adherence and all transactions contemplated thereunder and (ii) to exercise or enforce all of the rights of Pan Fortune Investments Limited under the Deed of Adherence and to complete the Deed of Adherence in accordance with its terms; and
- (c) the Investors’ Subscription Agreement (as defined and described in the circular of the Company dated 17 August 2010 (the “Circular”), a copy of which has been produced at this Meeting and marked “C” and initialled by the chairman of this Meeting for the purpose of identification) and the transactions contemplated thereunder or incidental to the Investors’ Subscription Agreement be and are hereby generally and unconditionally approved, ratified and confirmed and that the directors of the Company (the “Directors”) be and are hereby authorized on behalf of the Company (i) to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Investors’ Subscription Agreement and all transactions contemplated thereunder and (ii) to exercise or enforce all of the rights of Pan Fortune Investments Limited under the Investors’ Subscription Agreement and to complete the Investors’ Subscription Agreement in accordance with its terms.”

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

Hong Kong, 9 September 2010

NOTICE OF EGM

Registered 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 in Hong Kong:*

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

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall 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 its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting or any adjournment thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.