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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

After the trading hours on 27 April 2010, the Company entered into a Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe 60,988,080 Subscription Shares at the Subscription Price of HK\$0.22 per Subscription Share. The Subscription Shares represent approximately 2.60% of the existing issued share capital of the Company and approximately 2.53% of the Company's issued share capital as enlarged by the Subscription.

The Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

SUBSCRIPTION OF NEW SHARES

The Subscription Agreement

Date: 27 April 2010

* For identification purpose only

Parties

(a) the Company

(b) the Subscriber

The Subscriber is an individual investor and is the chairman and executive director of Heritage International Holdings Limited. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiry, the Subscriber is a third party independent of the Company and its connected persons.

Subscription Shares

60,988,080 new Shares, representing approximately 2.60% of the existing issued share capital of the Company and approximately 2.53% of the issued share capital of the Company as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares amounts to HK\$6,098,808. The Subscriber holds 224,188 Shares as at the date of this announcement. Assuming no further Share will be acquired by the Subscriber prior to completion of the Subscription, immediately after completion of the Subscription, the Subscriber will be interested in an aggregate of 61,212,268 Shares, representing approximately 2.54% of the enlarged issued share capital of the Company.

Subscription Price

The Subscription Price of HK\$0.22 represents:

- (i) a discount of approximately 3.08% to the closing price of HK\$0.227 per share as quoted on the Stock Exchange on 27 April 2010 the date of the Subscription Agreement;
- (ii) a discount of approximately 5.74% to the average closing price of approximately HK\$0.2334 per Share as quoted on the Stock Exchange for the last five trading days up to and including 26 April 2010; and
- (iii) a discount of approximately 7.80% to the average closing price of approximately HK\$0.2386 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 26 April 2010.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber on the date of the Subscription Agreement with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and the Shareholders as a whole.

The Subscription Shares have a market value of HK\$13,844,294.16 based on the closing price of HK\$0.227 per Share on 27 April 2010, the date of the Subscription Agreement. After deducting the expenses of approximately HK\$130,000 relating to the Subscription, the net price per Subscription Share is approximately HK\$0.218.

General Mandate

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 23 March 2010. Under such general mandate, the Directors are allowed to allot and issue up to 390,988,080 Shares. As at the date of this announcement, 330,000,000 Shares have been issued under such general mandate and the Directors are allowed to allot and issue 60,988,080 Shares for the Subscription. After completion of the Subscription, such general mandate will be fully utilized. The issue of Subscription Share is not subject to the approval of the Shareholders.

Conditions of the Subscription Agreement

Completion of the Subscription is conditional upon the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the condition to the Subscription is not fulfilled on or before 15 May 2010 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distribution after the date of completion of the Subscription.

Completion of the Subscription

Completion of the Subscription will take place within two Business Days (or such later date as the Company and the Subscriber may agree in writing) after the fulfillment of the condition of the Subscription set out above.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Set out below is the table of the shareholdings in the Company before and after Completion of the Subscription:

	As at the date of this announcement		Immediately upon completion of the Subscription	
	<i>Number of shares</i>	<i>Approximate %</i>	<i>Number of shares</i>	<i>Approximate %</i>
Mr. Yeung Ming Kwong <i>(Note 1)</i>	4,421,047	0.19	4,421,047	0.18
Mr. Wen Louis <i>(Note 2)</i>	7,500	0.00	7,500	0.00
Mascotte Holdings Limited (Stock Code: 136)	330,000,000	14.04	330,000,000	13.69
The Subscriber <i>(Note 3)</i>	224,188	0.01	61,212,268	2.54
Other public Shareholders	<u>2,015,184,418</u>	<u>85.76</u>	<u>2,015,184,418</u>	<u>83.59</u>
Total	<u><u>2,349,837,153</u></u>	<u><u>100.00</u></u>	<u><u>2,410,825,233</u></u>	<u><u>100.00</u></u>

Notes:

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
3. The Subscriber, Mr. Kwong Kai Sing, Benny, is the chairman and executive director of Heritage International Holdings Limited (Stock Code: 412).

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

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

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
18 June 2009	Placing of 227,270,000 new Shares on a fully underwritten basis, which was completed on 25 June 2009	HK\$55.33 million	To be used for the 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, which was completed on 17 February 2010.	HK\$297.58 million	<ul style="list-style-type: none"> - for the general working capital of the Group - to replenish the loss in capital of the Company - for future strategic investments 	As to approximately HK\$100.38 million has been utilized as general working capital of the Group, the remaining balance of approximately HK\$197.20 million has not been utilized and has been maintained into bank as at the date of this announcement.
20 August 2009	Placing of up to 337,988,721 new Shares on a best efforts basis, which was completed on 9 September 2009.	HK\$36.16 million	<ul style="list-style-type: none"> - for general working capital of the Group 	Used as intended

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
17 September 2009	<p>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. 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. 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>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.</p> <p>As at the date of this announcement, HK\$38.5 million options have been exercised and converted into shares and HK\$71.5 million options have not been exercised.</p>	<ul style="list-style-type: none"> – for general working capital of the Group – for future investments 	Used as intended

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and 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 PRC; provision of logistic services in Hong Kong and the PRC, properties investments, securities trading and money lending business.

Given that the Subscription will be completed within relatively short period of time when compared with other methods to raise fund, e.g. rights issue, the Directors consider that the Subscription is an appropriate means of raising additional capital for the Company without incurring interest costs whilst broadening the capital base of the Company.

The net proceeds from the Subscription is expected to be approximately HK\$13.29 million. It is expected that the net proceeds from the Subscription will be used by the Company for general working capital.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and 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
“Director(s)”	director(s) of the Company from time to time
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Kwong Kai Sing, Benny, an individual investor
“Subscription”	the subscription of Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 27 April 2010 entered into between the Company and the Subscriber in relation to the subscription of 60,988,080 Subscription Shares
“Subscription Price”	HK\$0.22 per Subscription Share
“Subscription Shares”	60,988,080 new Shares to be allotted and issued under the Subscription

“substantial shareholder” has the meaning ascribed thereto under the Listing Rules

“%” per cent.

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

Hong Kong, 27 April 2010

As at the date of this announcement, the Board comprises Mr. Yeung Ming Kwong, Ms. Lo Oi Kwok, Sheree, Mr. Ting Wing Cheung, Sherman, Mr. Wen Louis and Mr. Zhuang You Dao as executive Directors, and Mr. Chung Yuk Lun, Ms. Lam Yan Fong, Flora and Mr. Pak William Eui Won as independent non-executive Directors.