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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)**

**DISCLOSEABLE TRANSACTION  
PROVISION OF LOAN TO AN ENTITY**

**DISCLOSEABLE TRANSACTION**

The Board wishes to announce that on 21 June 2010, Forefront Finance Company Limited, a wholly-owned subsidiary of the Company as the Lender, entered into a loan agreement with Chung Nam Finance Limited as the Borrower, and the Lender has agreed to make available to the Borrower a revolving loan facility of up to HK\$75,000,000 subject to and upon the terms and conditions therein contained.

As the relevant percentage ratios in respect of the provision of Loan exceeds 5% but less than 25%, the Loan constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the announcement requirements only.

**THE LOAN AGREEMENT DATED 21 JUNE 2010**

**Date:**

21 June 2010

\* *For identification purpose only*

**Parties**

Forefront Finance Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, as the Lender; and Chung Nam Finance Limited, as the Borrower.

Chung Nam Finance Limited is a limited liability company incorporated in Hong Kong which is principally engaged in business of money lending. To the best of knowledge, information and belief of the Directors having made all reasonable enquiry, Chung Nam Finance Limited is an indirect wholly-owned subsidiary of Hennabun Capital Group Limited which is owned as to approximately 2.7% by Mascotte Holdings Limited. Mascotte Holdings Limited is a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 136) and is one of the substantial shareholders of the Company holding 330,000,000 Shares representing 11.74% of the issued share capital of the Company as at the date of this announcement.

**Loan amount:**

Up to HK\$75,000,000.

**Interest rate:**

The best lending rate in Hong Kong as quoted by the Hongkong and Shanghai Banking Corporation Limited from time to time (currently at 5% per annum) plus 2% per annum, which rate was arrived at after arm's length negotiation between the Borrower and the Lender and reflects the normal commercial rate. The Directors consider the terms of the provision of the Loan to be fair and reasonable.

**Facility duration:**

12 months from the date of the Loan Agreement.

**Repayment:**

- (i) The Loan and other monies outstanding in connection with the provision of the Loan shall be repaid in full on the Final Repayment Date;
- (ii) The Lender shall have the overriding right to demand repayment of the Loan together with interest accrued thereon from time to time; and
- (iii) The Borrower may prepay the Loan or any part of the Loan at any time before the Final Repayment Date without penalty.

**REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN**

The Company is an investment holding company, and through its subsidiaries and associates 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 logistic services in Hong Kong and the PRC; investment in forest interest; properties investments; securities trading and money lending business.

Forefront Finance Company Limited is a licensed money lender and the provision of loans to its customers is in the ordinary and normal course of its business.

As the terms of the Loan Agreement reflect the normal commercial terms of transactions of this nature and can generate revenue and cashflow streams (through the receipt of interest from the provision of the Loan), the Directors consider that the Loan Agreement to be in the interest of the Company and the Shareholders as a whole.

**GENERAL**

As the relevant percentage ratios in respect of the provision of Loan exceeds 5% but less than 25%, the Loan constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the announcement requirements only.

## DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors
“Borrower”	Chung Nam Finance Limited, a limited liability company incorporated in Hong Kong and is principally engaged in money lending business
“Business Day”	a day (other than Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
“Directors”	directors of the Company
“Final Repayment Date”	means twelve (12) months from the day of drawing appearing on the first notice of drawing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	Forefront Finance Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the maximum aggregate principal loan amount of HK\$75,000,000 under the Loan Agreement

“Loan Agreement”	the loan agreement dated 21 June 2010 between the Lender and the Borrower in relation to the provision of the Loan to Borrower
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board of  
**FOREFRONT GROUP LIMITED**  
**Yeung Ming Kwong**  
*Executive Director*

Hong Kong, 21 June 2010

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