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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
DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY**

The Board is pleased to announce that on 21 September 2011 (after trading hours), the Vendor and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares and the Purchaser has conditionally agreed to acquire the Sale Shares being the entire issued share capital of the Target Company at the Consideration of HK\$100 million, subject to the terms and conditions of the Share Purchase Agreement.

Given the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5% but remain below 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

* For identification purpose only

INTRODUCTION

The Board is pleased to announce that on 21 September 2011 (after trading hours), the Vendor and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares and the Purchaser has conditionally agreed to acquire the Sale Shares being the entire issued share capital of the Target Company at the Consideration of HK\$100 million, subject to the terms and conditions of the Share Purchase Agreement.

THE SHARE PURCHASE AGREEMENT

Date 21 September 2011

Parties

Vendor: Loyal Fine Limited, is a limited company incorporated in the British Virgin Islands, is principally engaged in investment holding and is a wholly-owned subsidiary of the Company.

Purchaser: Pleasure Trade Limited, is a limited company incorporated in the British Virgin Islands and is principally engaged in investment holding. Mr. Lai Leong is the sole director and the sole shareholder of the Purchaser. Mr. Lai Leong is a businessman.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and Mr. Lai Leong are independent of and not connected with the Company and its connected persons.

Assets to be disposed of

Pursuant to the Share Purchase Agreement, the Vendor conditionally agreed to sell the Sale Shares and the Purchaser conditionally agreed to acquire the Sale Shares being the entire issued share capital of the Target Company. The Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the accounts of the Disposal Group will no longer be consolidated in the financial statements of the Company.

Sale Shares: 2 ordinary shares of US\$1.00 each, representing the entire issued share capital in Crown Creation Limited.

Consideration

The Purchaser shall pay the Consideration of HK\$100 million in cash upon Completion. The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the unaudited consolidated net asset value of the Target Company as at 31 August 2011, being approximately HK\$81.74 million.

Accordingly, the Directors consider the Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Conditions Precedent

Completion is conditional upon: (i) the approval of the Share Purchase Agreement and transactions contemplated thereunder by the Shareholders in accordance with the Listing Rules, if required; (ii) the compliance with all the necessary requirements under the Listing Rules; (iii) the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Share Purchase Agreement and any of the transaction contemplated thereunder, if applicable; and (iv) a due diligence investigation on the Disposal Group and its assets to be carried out by the purchaser having been completed to the reasonable satisfaction of the Purchaser in its sole discretion.

If the conditions above have not been fulfilled or waived, within 2 calendar months immediately after the execution of the Share Purchase Agreement or other date as the Vendor and the Purchaser may agree in writing, the Share Purchase Agreement shall terminate. On termination of the Share Purchase Agreement, the Vendor and the Purchaser shall have no further claims against each other under the Share Purchase Agreement for costs, damages, compensation or otherwise, save for the antecedent breaches and claims.

Completion

Completion shall take place on a date which is within 2 Business Days after the fulfillment of the conditions under the Share Purchase Agreement or other date as the Vendor and the Purchaser may agree.

INFORMATION ON THE COMPANY AND DISPOSAL GROUP

The Company

As at the date of this announcement, 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; investment in limited partnership that engages in the business of the manufacturing of automotive components (such investment being held for resale purpose); properties investments; securities trading and money lending business. After Completion, the Group will continue to be principally engaged in provision of logistic services in Hong Kong and the PRC; investment in forest interest; properties investments; securities trading and money lending business.

The Disposal Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company is indirectly wholly-owned by the Company and an investment vehicle holding the Disposal Group. The Disposal Group holds various investments which are engaged in (i) 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; (ii) manufacturing of carbon fiber in the PRC; (iii) development, management and operation of an e-ticketing system for railway passengers and related railway freight cargo services in the PRC; and (iv) co-investment in automotive components manufacturing.

Set out below summarizes the unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards.

	For the eight-months period ended 31 August 2011 HK\$'000	For the year ended 31 December 2010 2009 HK\$'000 HK\$,000	
Share of Profit/ (loss) of associates	471	790	(1,013)
Profit/(loss) before taxation and extraordinary items	428	808	(678)
Profit/(loss) after taxation and extraordinary items	24,707 <i>(Note 1)</i>	808	(678)

Note:

This figure includes written back of the balance payable on capital contribution, approximately HK\$23,910,000, into Tinhua Excel Way Special Fiber (Xintai) Co. Ltd. due to consent to a reduction of capital (details refer to the Company's announcement dated 11 August 2011).

As at 31 August 2011, the unaudited consolidated net asset value of the Disposal Group is approximately HK\$81.74 million.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Board constantly reviews the Company's business strategy in maximizing the value of the Company and the value to its Shareholders.

The Directors believe that the Disposal provides the Company with a good opportunity to streamline the existing corporate structure and to realize the value of certain assets at an advantageous consideration to the Group. Furthermore, the Company will receive significant cash inflow to improve the liquidity position of the Company, which will provide the Company with the financial flexibility to participate in forthcoming attractive investment opportunities as they may arise. As the Disposal Group generates no turnover to the Group, the earnings of the Group are not expected to be adversely affected by the Disposal.

The expected net proceeds from the Disposal are approximately HK\$99.4 million, which will be used as general working capital of the Group. Upon Completion, the realization of the Company's investment in the Disposal Group is expected to generate an investment return, being the net sale proceeds minus the net assets value of the Disposal Group, amounting to approximately HK\$17.66 million for the Company.

Accordingly, the Directors are of the view that the terms and conditions of the Share Purchase Agreement are fair and reasonable and the Disposal is in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE PURCHASER

Pleasure Trade Limited is a company incorporated under the laws of the British Virgin Islands and is principally engaged in investment holding. Mr. Lai Leong is the sole director and the sole shareholder of the Purchaser. Mr. Lai Leong is a businessman.

LISTING RULES IMPLICATIONS

Given the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5% but remain below 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday and Sunday) on which banks are generally open for business more than five hours in Hong Kong

“Company”	Forefront Group Limited (Stock Code: 885), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Share Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the sum of HK\$100 million
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share(s) pursuant to the Share Purchase Agreement
“Disposal Group”	Crown Creation Limited together with its subsidiaries and its associated companies
“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
“Listing Rules” and “Rule”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Pleasure Trade Limited
“Sale Shares”	two ordinary shares in the issued share capital of Crown Creation Limited, representing 100% of the entire issued share capital of Crown Creation Limited as at the date of this announcement

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the sale and purchase agreement dated 21 September 2011 entered into among the Vendor and the Purchaser in relation to the Disposal
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Crown Creation Limited, a company incorporated in the British Virgin Islands and being an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vendor”	Loyal Fine Limited, a company incorporated in the British Virgin Islands and being wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board of
Forefront Group Limited
Yeung Ming Kwong
Chairman

Hong Kong, 21 September 2011

As at the date of this announcement, the Board comprises the following members:-

Executive Directors

Mr. Yeung Ming Kwong (*Chairman*)

Ms. Lo Oi Kwok, Sheree

Mr. Lam Yick Sing

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