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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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FOREFRONT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

福方集團有限公司*

(Stock Code: 0885)

PROPOSED BONUS ISSUE OF SHARES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting of the Company to be held at Room 4, United Conference Centre, 10/F United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Monday, 6 July 2015 is set out on pages 12 to 14 of this circular.

Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting should you so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	3
Letter from the Board	4
Notice of Extraordinary General Meeting	12

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 26 May 2015 in relation to the Bonus Issue
“Board”	the board of Directors
“Bonus Issue”	the issue of the Bonus Shares on the basis of nine (9) Bonus Shares for every one (1) existing Share held on the Record Date
“Bonus Share(s)”	the new Share(s) proposed to be issued under the Bonus Issue
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Forefront Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Bonus Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	10 June 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and granting of listing

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	Overseas Shareholders whom the Directors, after making enquiries, consider it is necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant foreign regulatory body or stock exchange in that place not to extend the Bonus Issue to them
“Overseas Shareholders”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) outside Hong Kong
“PRC”	the People’s Republic of China, for the purposes of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Qualifying Shareholders”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date (excluding the Non-Qualifying Shareholder(s))
“Record Date”	Tuesday, 14 July 2015, being the date for determination of entitlement to the Bonus Issue
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Share Options”	share options granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 6 August 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

The expected timetable of the Bonus Issue is set out below:

Event	Date and Time 2015 (Hong Kong time)
Latest time for lodging proxy forms for the EGM	10:30 a.m. on Saturday 4 July
Date and time of the EGM	10:30 a.m. on Monday 6 July
Announcement of the voting results of the EGM	Monday, 6 July
Last day of dealings in Shares cum-entitlements to the Bonus Issue	Tuesday, 7 July
First day of dealings in Shares ex-entitlements to the Bonus Issue	Wednesday, 8 July
Latest time for lodging transfers of Shares to qualify for the Bonus Issue	4:30 p.m. on Thursday, 9 July
Closure of register of members (both days inclusive)	Friday, 10 July to Tuesday, 14 July
Record Date	Tuesday, 14 July
Re-open of register of members of the Company	Wednesday, 15 July
Despatch of share certificates of the Bonus Shares	Thursday, 23 July
First day of dealings in the Bonus Shares	9:00 a.m. on Friday, 24 July

Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be announced or notified to the Shareholders as and when appropriate.

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:

Ms. Yang Xiaoying

(Chief Executive Officer)

Ms. Lo Oi Kwok, Sheree

Mr. Tsang To

Ms. Ng Si Wai

Mr. Choi Chi Fai

Independent Non-executive Directors:

Mr. Chung Yuk Lun

Mr. Pak William Eui Won

Mr. Zhang Xiaoman

Registered office:

P.O. Box 309, Uglan House

South Church Street, George Town

Grand Cayman, Cayman Islands

British West Indies

*Head Office and Principal place of
business in Hong Kong:*

Suites 2001 & 2002, 20/F.,

AIA Central

1 Connaught Road Central

Hong Kong

12 June 2015

To the Shareholders

Dear Sir or Madam,

PROPOSED BONUS ISSUE OF SHARES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 26 May 2015, pursuant to which the Board announced the proposed Bonus Issue.

The purpose of this circular is to provide you with, among other things, (i) further information on the Bonus Issue and the trading arrangements in respect of the Bonus Shares; and (ii) the notice convening the EGM.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED BONUS ISSUE OF SHARES

The Board proposes a Bonus Issue on the basis of nine (9) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company. The terms of the Bonus Issue are set out below.

Basis of the Bonus Issue

Subject to the conditions as set out under the heading “Conditions of the Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par on the basis of nine (9) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date.

As at the Latest Practicable Date, there are outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for a total of 72,363,905 Shares at the exercise price of HK\$2.47 per Share. As the exercise period of such Share Options is from 1 April 2017 to 29 March 2025, none of the outstanding Share Options are exercisable on or before the Record Date. Assuming no further Shares will be issued or repurchased on or before the Record Date, 6,512,751,477 Bonus Shares will be issued and credited as fully paid at their par value by way of capitalization of an amount of HK\$6,512,751.48 standing to the credit of the share premium account of the Company.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until the Record Date.

The Board has taken into account the followings when determining the structure of the Bonus Issue.

- 1) After the completion of the Bonus Issue, there will be a total of 7,236,390,530 Shares in issue as enlarged by the Bonus Issue, representing 10 times of the existing issued share capital as at the Latest Practicable Date. Based on the closing price of HK\$4.9 per Share as quoted on the Stock Exchange as at date of the Announcement (equivalent to a theoretical ex-entitlement price of approximately HK\$0.49 per Share after adjusting for the Bonus Issue), the theoretical market value per board lot (which is 10,000 Shares) will change from HK\$49,000 to HK\$4,900 after the completion of the Bonus Issue, and the total number of the board lots in the market will increase from approximately 72,364 to 723,639. With more number of Shares on hand with the same board lot size, Shareholders would have more flexibility in dealing with their shareholding, for example, they can continue to hold onto their entire shareholding or they can sell any part of their shareholding even in a smaller proportion to their

LETTER FROM THE BOARD

shareholding, which will enhance the liquidity of the Shares in the market. Given the median and average number of board lots of shares of companies listed on the main board of the Stock Exchange with similar market capitalization with the Company are approximately 500,000 and 900,000 respectively, it is considered the basis of nine Bonus Shares for every one existing Share is at an equilibrium level to increase sufficient capital base of the Company and maintain high market liquidity of the Shares;

- 2) The Bonus Shares will be credited as fully paid at par value by way of capitalization of an amount of HK\$6,512,751.48 standing to the credit of the share premium account of the Company. As disclosed in the annual report of the Company for the year ended 31 December 2014, the share premium of the Company amounted to HK\$1,649,267,000. Having assessed the amount of credit in the share premium account of the Company, it is sufficient to support the Bonus Issue; and
- 3) It is noticed that the Share price of the Company has increased significantly since March 2015. The Board believes that the increase in the Company's Share price is due to the improvement in the general financial market conditions as well as the recognition by the investors on the business and financial improvement and prospects of the Company as revealed by the annual results of the Group for the year ended 31 December 2014 published in March 2015. Based on the closing price of the Shares of the Company as at the date of the Announcement of HK\$4.9 per Share, the theoretical ex-entitlement price of the Shares is approximately HK\$0.49 per Share after adjusting for the Bonus Issue, which is far from the trading limit and the extremity for triggering another corporate action of the Company, namely a share consolidation.

Having considering the above, the Board is of the view that the current structure of the Bonus Issue is in the best interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Bonus Shares

The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects including the entitlement of receiving dividends and other distributions on the record date for which is on or after the allotment and issue of those Bonus Shares.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) the passing of the requisite resolution by the Shareholders at the EGM for approving the Bonus Issue;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the articles of association of the Company to effect the Bonus Issue.

Application for listing of Bonus Shares and dealings

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Bonus Issue. As at the Latest Practicable Date, no equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange nor listing or permission to deal in the equity or debt securities is being or proposed to be sought from any stock exchange other than the Stock Exchange.

Subject to the granting of the approval for the listing of, and permission to deal in, the Bonus Shares on the Stock Exchange, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No new class of securities is to be listed pursuant to the Bonus Issue and accordingly no arrangements are required to be made to enable the Bonus Shares to be admitted into CCASS.

LETTER FROM THE BOARD

Overseas Shareholders

Based on the register of members of the Company, as at the Latest Practicable Date, the Company has Overseas Shareholders whose registered addresses are located in Australia, Macau, Taiwan and the PRC. The Company has made preliminary enquiries with the respective legal advisers as to the laws of Australia, Macau, Taiwan and the PRC regarding the feasibility of extending the Bonus Issue to such Overseas Shareholders, and was advised that it would be lawful for the Company to extend the Bonus Issue to them.

The Company will ascertain whether there are any other Overseas Shareholders on the Record Date. Enquiry will be made by the Board pursuant to the Listing Rules on the legal restrictions under the laws of the relevant place(s) and requirements of the relevant regulatory body or stock exchange in that/those place(s) for extending the Bonus Issue to such other Overseas Shareholders (if any). Upon such enquiry, if the Board is of the view that the exclusion of such Overseas Shareholders is necessary or expedient on account of such legal restrictions and/or regulatory requirements, the Bonus Shares will not be issued to such Overseas Shareholders, i.e. the Non-Qualifying Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100, in which case it will be retained for the benefit of the Company.

Notwithstanding the enquiries made by the Company with its legal advisers, any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult their professional advisers as to whether they are permitted to receive the Bonus Shares under the Bonus Issue and the taxation consequences of receiving the Bonus Shares. It is the responsibility of the Shareholders who receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdiction(s).

Closure of register of members

The register of members of the Company will be closed from Friday, 10 July 2015 to Tuesday, 14 July 2015 (both days inclusive) in order to determine the Qualifying Shareholders' entitlement to the Bonus Issue, during which period no transfer of Shares will be registered.

LETTER FROM THE BOARD

To qualify for the Bonus Issue, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 9 July 2015.

Certificates for Bonus Shares

Subject to fulfilment of the conditions of the Bonus Issue mentioned above, it is expected that share certificates for the Bonus Shares (which are not renounceable) will be despatched to the Qualifying Shareholders on Thursday, 23 July 2015 by ordinary mail at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 24 July 2015. Each Shareholder will receive one share certificate for all entitled Bonus Shares.

Adjustments in relation to the Share Options

As at the Latest Practicable Date, there are 72,363,905 outstanding Share Options granted under the Share Option Scheme. The Bonus Issue may lead to adjustments to the exercise prices and/or the number of Shares which may fall to be allotted and issued upon exercise of the Share Options. As the exact number of the Bonus Shares cannot be determined until the Record Date, the Company will make further announcement of the aforesaid adjustments to the Share Options, if applicable.

Reasons for Bonus Issue

The Board believes that the Bonus Issue (i) will provide the Company with a wider capital base and therefore enhance the liquidity of the Shares; (ii) is a return to the long-term support and care of the Shareholders; and (iii) provide more flexibility to the Shareholders in dealing their shareholding. The Bonus Issue, which is alike a declaration of dividend in the form of shares instead of cash, allows the Company to reserve cash for the business growth of the Group, which may help enhance the value of the Shares in the future. Shareholders are allowed to participate in such growth by holding the Shares (and the Bonus Shares) and enjoy the benefit thereof, and at the same time the Company can satisfy the desire of the Shareholders to receive a dividend from the Company as a reward for their long-term support. In addition, having considered the improving performance of the Group, the Board decides to propose the Bonus Issue.

LETTER FROM THE BOARD

EGM

The proposed Bonus Issue is subject to Shareholders' approval at the EGM. As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution regarding the Bonus Issue at the EGM.

A notice convening the EGM is set out on pages 12 to 14 of this circular. A form of proxy for the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later 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 you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

RESPONSIBILITY OF THE DIRECTORS

This circular, for which 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 Company. 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.

RECOMMENDATION

The Board considers that the proposed resolution in relation to the Bonus Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM.

Upon completion of the Bonus Issue, the market price of the Shares may adjust from HK\$5.89 to HK\$0.589 (being the theoretical ex-entitlement price per Share with reference to the closing price of the Shares as at the Latest Practicable Date). In the event that there is downward pressure on the Share price which may trigger the trading limit and the extremity, the Company may carry out another corporate action, namely a share consolidation which may create odd lots of the Shares and additional burdensome to the Shareholders. Shareholders should exercise caution when voting on the proposed resolution in relation to the Bonus Issue at the EGM.

LETTER FROM THE BOARD

GENERAL

The English text of this circular and the notice of the EGM shall prevail over the Chinese text thereof.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should note that the total asset value of the Company will not increase as a result of the Bonus Issue.

Yours faithfully,
For and on behalf of the Board
Forefront Group Limited
Choi Chi Fai
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 the extraordinary general meeting of Forefront Group Limited (the “**Company**”) will be held at Room 4, United Conference Centre, 10/F United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Monday, 6 July 2015 for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT**, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the Bonus Shares (as defined below):

- (a) an amount standing to the credit of the share premium account of the Company be capitalised and accordingly the board of directors of the Company (the “**Board**”), be and is hereby authorised and directed to apply such amount in paying up in full at par of such number of new ordinary shares of HK\$0.001 each in the share capital of the Company (the “**Bonus Share(s)**”), and that such Bonus Shares be allotted and issued, credited as fully paid at par, to the shareholders of the Company whose names appear on the register of members of the Company (the “**Register of Members**”) at the close of business on Tuesday, 14 July 2015 (or such other record date as the Board may determine) (the “**Record Date**”), except those shareholders whose addresses as shown on the Register of Members at the close of business on the Record Date are in a jurisdiction outside Hong Kong and in respect of whom the Board considers the exclusion from the Bonus Issue (as defined below) to be necessary or expedient after marking enquiry in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Non-Qualifying Shareholders**”), on the basis of nine (9) Bonus Shares for every one (1) existing ordinary share of HK\$0.001 each in the issued share capital of the Company held on the Record Date (the “**Bonus Issue**”);

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Bonus Shares to be issued pursuant to this resolution shall rank pari passu in all respects with the ordinary shares of HK\$0.001 each in the share capital of the Company in issue on the day on which the Bonus Shares are allotted and issued, except that they will not be eligible for the Bonus Issue mentioned in this resolution;
- (c) the Board be and is hereby authorised to arrange for the Bonus Shares which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount to be distributed to any such persons is less than HK\$100.00, in which case the Board be and is hereby authorised to retain such amount for the benefit of the Company; and
- (d) the Board be and is hereby authorised to do all acts and things as may be necessary and expedient in connection with the Bonus Issue and/or the issue of the Bonus Shares.”

By Order of the Board
Forefront Group Limited
Choi Chi Fai
Executive Director

Hong Kong, 12 June 2015

Registered office:

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

*Head office and Principal place
of business in Hong Kong:*
Suites 2001 & 2002, 20/F.,
AIA Central
1 Connaught Road Central
Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

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

Executive Directors

Ms. Yang Xiaoying

(Chief Executive Officer)

Ms. Lo Oi Kwok, Sheree

Mr. Tsang To

Ms. Ng Si Wai

Mr. Choi Chi Fai

Independent Non-executive Directors

Mr. Chung Yuk Lun

Mr. Pak William Eui Won

Mr. Zhang Xiaoman