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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 TRANSACTIONS –
A SHARE SWAP AGREEMENT INVOLVING
A DISPOSAL OF INVESTMENTS AND AN ACQUISITION
THROUGH A SUBSCRIPTION OF SHARES**

THE SHARE SWAP

On 19 June 2015, Loyal Fine entered into the Share Swap Agreement with Co-Lead and Up Wonderful whereby Co-Lead will allot and issue new Co-Lead Shares in exchange for FCL Shares held by Loyal Fine and Up Wonderful respectively. Upon completion of the Share Swap Agreement, the Group's will cease to hold direct interest in FCL and will hold an equity interest of 21.90% in Co-Lead.

IMPLICATIONS UNDER THE LISTING RULES

The Company considers the Share Swap as both a disposal of FCL shares as well an acquisition of Co-lead Shares. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal and Acquisition is more than 5% but less than 25%, the Share Swap constitutes a discloseable transaction of the Company pursuant to the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

* *For identification purpose only*

SHARE SWAP AGREEMENT

On 19 June 2015 (after trading hours), Loyal Fine (a direct wholly owned subsidiary of the Company) entered into the Share Swap Agreement with Co-Lead and Up Wonderful whereby Co-Lead will allot and issue new Co-Lead Shares in exchange for FCL Shares held by Loyal Fine and Up Wonderful respectively. Upon completion of the Share Swap Agreement, the Group's will cease to hold direct interest in FCL and will hold equity interest of 21.90% in Co-Lead.

Set out below are the principal terms of the Share Swap Agreement:

Parties:

- (1) Purchaser: Co-Lead
- (2) Vendors: Loyal Fine and Up Wonderful

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Co-Lead and Up Wonderful and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Nature of transaction and assets to be exchanged

Pursuant to the Share Swap Agreement, Loyal Fine agreed to sell 90,000,000 FCL Shares (representing approximately 7.16% direct equity interest in FCL) to Co-Lead in exchange for 900 new Co-Lead Shares (representing approximately 21.90% interest in Co-Lead's enlarged share capital, which in turn representing approximately 7.16% indirect equity interest in FCL) to be allotted and issued by Co-Lead.

Consideration

The consideration under the Share Swap Agreement was determined after arm's length negotiations between Co-Lead, Loyal Fine and Up Wonderful. The consideration under the Share Swap Agreement is in the form of exchanging FCL Shares for new Co-Lead Shares on the basis of no change in the beneficial interest in FCL Shares held by Loyal Fine and Up Wonderful. The exchange ratio has been determined as 1 new Co-Lead Share in exchange for 100,000 FCL shares.

Conditions precedent

Completion of the Share Swap Agreement shall be subject to and conditional upon the following conditions being fulfilled:–

- (i) if applicable, the compliance with the shareholders' approval requirements under the Listing Rules by the Company in relation to the Share Swap Agreement and the transactions contemplated thereunder; and
- (ii) if applicable, the obtaining of all consents from regulatory authorities or third parties which are necessary in connection with the execution and performance of the Share Swap Agreement and the transactions contemplated thereunder.

Termination

If the above-mentioned conditions precedent are not fulfilled on or before 5:00 p.m. on 19 July 2015 (or such later date as may be agreed between Co-Lead, Loyal Fine and Up Wonderful in writing), the Share Swap Agreement shall terminate and save in respect of any antecedent breaches, the parties shall have no further claims against each other under the Share Swap Agreement for costs, damages, compensation or otherwise.

Completion

Completion shall take place on the third Business Day after the date on which the above mentioned conditions precedent shall have been satisfied (or such other date as the parties hereto may agree in writing).

INFORMATION ON CO-LEAD

Co-Lead is a company incorporated in the British Virgin Islands with limited liability. Co-Lead is a special purpose vehicle engaged in holding 300,000,000 FCL Shares (representing approximately 23.86% equity interest in FCL as at the date of this announcement) through a subscription completed in September 2014. Upon completion of the Share Swap Agreement, Co-Lead's equity interest in FCL will increase from approximately 23.86% to approximately 32.69%.

As Co-Lead is a company incorporated in the British Virgin Islands, no separate audited financial statements have been prepared by Co-Lead as permitted under the laws of the British Virgin Islands. Based on the latest unaudited financial statements of Co-Lead (the figures of which have constituted part of Willie's audited consolidated financial statements for the year ended 31 December 2014), the carrying value of unaudited net assets of Co-Lead as at 31 December 2014 was approximately HK\$953.6 million. Further financial information of Co-Lead's profitability is set out as below (no comparative figures for the previous year 2013 because Co-Lead was incorporated in January 2014):

**For the year ended
31 December 2014**
(HK\$'000)

Loss before taxation	(5)
Loss after taxation	(5)

Prior to the Share Swap, Co-Lead is a wholly-owned subsidiary of Willie.

INFORMATION ON FCL

FCL is a company incorporated in the Cayman Islands with limited liability and with principal business as investment holding. FCL and its subsidiaries are principally engaged in the financial services sector, including the provision of securities brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding. Certain subsidiaries of FCL have obtained the licenses to carry on regulated activities (type 1: dealing in securities, type 2: dealing in future contracts and type 6: advising on corporate finance) governed by the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

According to FCL's latest audited financial statements, the amount of audited net assets of FCL Group as at 31 March 2014 was approximately HK\$2,203 million. According to information provided by FCL, its equity capital has been increased by a sum of approximately HK\$1,431 million since 1 April 2014, resulting in a subsequent corresponding increase in FCL Group's net assets. Further financial information of FCL Group's profitability is set out as below:

	For the year ended 31 March 2014	For the year ended 31 March 2013
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit before taxation	585,920	250,657
Profit after taxation	583,174	248,865

The Company's carrying value of its investments in FCL is HK\$247.5 million.

REASONS FOR AND BENEFITS OF ENTERING INTO SHARE SWAP AGREEMENT

The Company is an investment holding company, and through its subsidiaries and an associated company, is principally engaged in (i) provision of integrated business software solution in the PRC; (ii) provision of design, manufacturing and distribution of point-of-sale electronic products, computers and terminals and printers in the PRC; (iii) securities investment; and (iv) money lending business.

The Group's imputed beneficial interest in FCL's issued share capital remains unchanged as approximately 7.16% before and after completion of the Share Swap Agreement. Moreover, the effective voting power at FCL shareholders' meetings through Co-Lead will increase from approximately 7.16% to 32.69% since the Company's interest will hold an effective interest of 21.90% in Co-Lead and thus can command a significant presence versus an interest of 7.16% directly in FCL which has substantially less control. The aforesaid increase in the effective voting power at FCL shareholders' meetings is expected to facilitate the Group to exercise more influence on FCL's financial and operating policies so that the interest of the Group as a minority shareholder of FCL can be better served. After considering this benefit and the basis of determining the consideration under the Share Swap Agreement to result in no change in the beneficial interest in FCL Shares held by the parties thereto, the Board considers that the terms of the Share Swap Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Share Swap which the Company considers as constituting both an acquisition and a disposal is more than 5% but less than 25%, the Share Swap constitutes a discloseable transaction of the Company pursuant to the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day”	any day on which licensed banks in Hong Kong generally are open for business, except a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.

“Company”	Forefront Group Limited (Stock Code: 885), a company incorporated in Cayman Islands with limited liability, the Shares are listed on the main board of the Stock Exchange
“connected person(s)”	as defined in the Listing Rules
“Co-Lead”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of Willie
“Co-Lead Share(s)”	the ordinary share(s) of no par value in the share capital of Co-Lead
“Directors”	the directors of the Company
“FCL”	Freeman Corporation Limited, a company incorporated in the Cayman Islands with limited liability and is an indirect non-wholly owned subsidiary of Freeman
“FCL Group”	FCL and its subsidiaries
“FCL Shares”	the ordinary shares of par value at US\$0.00000005 each in the share capital of FCL
“Freeman”	Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 279)
“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”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loyal Fine”	Loyal Fine Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Share Swap”	Loyal Fine has agreed to swap 90,000,000 FCL Shares to Co-Lead in exchange of 900 new Co-Lead Shares
“Share Swap Agreement”	the share swap agreement dated 19 June 2015 entered into between Co-Lead, Loyal Fine and Up Wonderful in relation to the issue of new Co-Lead Shares in exchange for FCL Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Up Wonderful”	Up Wonderful Limited, a company incorporated in the British Virgin Islands with limited liability and is a party to the Share Swap Agreement
“Willie”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange (Stock code: 273)

“US\$” United States dollar, the lawful currency of the United States of America

“%” percentage

By order of the Board
FOREFRONT GROUP LIMITED
Choi Chi Fai
Executive Director

Hong Kong, 19 June 2015

As at the date of this announcement, the Board comprises:

Executive Directors

Ms. Yang Xiaoying (*Chief Executive Officer*)

Ms. Lo Oi Kwok, Sheree

Ms. Ng Si Wai

Mr. Tsang To

Mr. Choi Chi Fai

Independent Non-executive Directors

Mr. Chung Yuk Lun

Mr. Pak William Eui Won

Mr. Zhang Xiaoman