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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Fortunet e-Commerce Group Limited, you should at once hand this circular, together 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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**FORTUNET E-COMMERCE GROUP LIMITED**

**鑫網易商集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1039)**

**(1) MAJOR TRANSACTION –  
DISPOSAL OF THE ENTIRE EQUITY INTEREST  
OF A WHOLLY-OWNED SUBSIDIARY  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the EGM of the Company to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 22 April 2016 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use by the shareholders of the Company 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 the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

30 March 2016

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:*

“Announcement”	the announcement of the Company dated 4 September 2015 in relation to certain business update on the Target Company
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CIHL”	Century Investment (Holding) Limited, a limited liability business company incorporated and existing under the laws of the British Virgin Islands with its registered office at Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands, the controlling Shareholder holding approximately 34.99% Shares as at the Latest Practicable Date
“Company”	Fortunet e-Commerce Group Limited (鑫網易商集團有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms of the SPA
“Consideration”	the aggregate consideration for the sale and purchase of the Sale Shares and the Sale Debt, being the amount payable by the Purchaser to the Vendor in accordance with the terms of the SPA
“Director(s)”	director(s) of the Company for the time being
“Disposal”	the disposal of the Sale Shares and the Sale Debt by the Vendor to the Purchaser pursuant to the terms of the SPA
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the SPA and the transactions contemplated thereunder, including the Disposal
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	29 March 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longyan”	龍岩盛豐機械製造有限公司 (Longyan Shengfeng Machinery Manufacturing Co., Ltd*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“PRC GAAP”	the Generally Accepted Accounting Principles of the PRC
“Purchaser”	Zhao Yibo (趙憶博), an individual investor
“Sale Debt”	RMB355,685,000, being the entire amount of the shareholder’s loan advanced by the Vendor to the Target Company which is to be assigned to the Purchaser by the Vendor pursuant to the terms of the SPA
“Sale Shares”	the shares representing the entire equity interest of the Target Company as at the date of the SPA
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of the Company with a par value of US\$0.01 each
“SPA”	the sale and purchase agreement dated 2 February 2016 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Sale Shares and the Sale Debt
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Target Company”	開封暢豐車橋有限公司 (Kaifeng Changfeng Axle Co., Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Vendor”	福建暢豐機械集團有限公司 (Fujian Changfeng Machinery Group Limited Company*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

\* *For identification purpose only*

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LETTER FROM THE BOARD

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**FORTUNET E-COMMERCE GROUP LIMITED**

**鑫網易商集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1039)**

*Executive Directors:*

Mr. Cheng Jerome (*Chairman*)

Mr. Yuan Weitao

*Non-executive Directors:*

Mr. Feng Xiaohui

Mrs. Guo Yan

*Independent non-executive Directors:*

Mr. Wong Chi Keung

Mr. Liu Erhfei

Mr. Chan Chi Keung Alan

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal place of Business  
in Hong Kong:*

Room 808-814

8/F, Sun Hung Kai Center

30 Harbour Road

Wanchai

Hong Kong

30 March 2016

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION –  
DISPOSAL OF THE ENTIRE EQUITY INTEREST  
OF A WHOLLY-OWNED SUBSIDIARY**

**AND**

**(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

References are made to the announcement of the Company dated 2 February 2016 in relation to the Disposal and the announcements of the Company dated 15 March 2016 and 24 March 2016 in relation to delay in despatch of this circular.

On 2 February 2016 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the SPA pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to

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## LETTER FROM THE BOARD

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purchase, the Sale Shares (representing the entire equity interest of the Target Company) and the Sale Debt at a total cash consideration for both the Sale Shares and Sale Debt at RMB4,000.

The purpose of this circular is to provide you with, among other things, (i) further details in relation to the SPA and the transactions contemplated thereunder; (ii) valuation report on the property interest of the Target Company; and (iii) other information as required by the Listing Rules, together with the notice convening the EGM and the proxy form in respect of the EGM.

### **THE SPA**

The principal terms of the SPA are summarised below:

#### **Date**

2 February 2016

#### **Parties**

- (1) The Vendor
- (2) The Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is independent of the Company and the connected persons (as defined under the Listing Rules) of the Company.

#### **Assets to be disposed of**

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing the entire equity interest of the Target Company) and the Sale Debt, subject to the terms and conditions of the SPA.

The Sale Debt represents the funding support made by the Vendor and its subsidiaries to the Target Company since 2011 until the suspension of its operations in September 2015 to support its business operations. The funding support was mainly used for the procurement of inventories and other operational expenses of the Target Company.

#### **Consideration**

The Consideration for the Sale Shares and the Sale Debt in aggregate is RMB4,000 which represents the fair market value of the Sale Shares and the Sale Debt in aggregate.

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## LETTER FROM THE BOARD

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The Consideration shall be payable by the Purchaser to the Vendor in cash as follows:

1. The Purchaser shall pay 20% of the Consideration, being RMB800, to the Vendor as deposit within 5 days of the signing of the SPA. Such amount had been paid by the Purchaser to the Vendor on 5 February 2016 pursuant to the terms and conditions of the SPA. Upon Completion, such deposit will be applied as part of the payment of the Consideration.
2. The Purchaser shall pay 75% of the Consideration, being RMB3,000, to the Vendor within 5 days of completion of the checking and acceptance of the assets held by the Target Company by the Purchaser and the assignment of the Sale Debt to the Purchaser.
3. The Purchaser shall pay the remaining 5% of the Consideration, being RMB200, to the Vendor within 5 days of completion of the registration of the transfer of the Sale Shares with the Administration for Industry and Commerce in the PRC.

The Consideration has been determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the reasons for the Disposal as discussed in the section headed "Reasons for and benefits of the Disposal" below; (ii) the unaudited consolidated net liabilities of approximately RMB355,681,000 of the Target Company based on the unaudited management accounts of the Target Company as at 30 September 2015; (iii) the preliminary valuation of the property held by the Target Company of RMB139,830,000 (the value of which has been taken into account and fully reflected in the aforementioned unaudited consolidated net liabilities of approximately RMB355,681,000 of the Target Company) as determined by an independent valuer using depreciated replacement cost approach (please refer to Appendix II to this circular for further details including the valuation approach and the assumptions relied upon); and (iv) the preliminary valuation of the machineries and equipment held by the Target Company of RMB13,270,000 (the value of which has been taken into account and fully reflected in the aforementioned unaudited consolidated net liabilities of approximately RMB355,681,000 of the Target Company) as determined by an independent valuer using cost approach (please refer to Appendix III to this circular for further details including the valuation approach and the assumptions relied upon).

The Directors consider that the Consideration is fair and reasonable and on normal commercial terms.

### **Conditions precedent**

Completion of the SPA is subject to the satisfaction of the following conditions precedent:

- (a) the Shareholders at the EGM having approved the SPA and the transactions contemplated thereunder; and

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## LETTER FROM THE BOARD

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- (b) the Vendor and its related parties having obtained all necessary consents, approvals, authorizations and waivers in respect of the entry into the SPA and performance of the obligations under the SPA (including without limitation prior notification to or written consent or approval by the relevant creditors required to be given or obtained by the Company).

As at the Latest Practicable Date, none of the above conditions precedent has been satisfied.

If the above conditions precedent are not satisfied on or before 30 June 2016 or such other date as may be agreed between the Vendor and the Purchaser, the SPA shall lapse and determine without prejudice to all rights and remedies which the Vendor and the Purchaser may have under the SPA or by law. If the SPA is terminated due to the non-fulfillment of the above conditions precedent, neither the Vendor nor the Purchaser shall have any liabilities under the SPA.

### **Completion**

Subject to satisfaction of the above conditions precedent, Completion will take place pursuant to the terms of the SPA.

Pursuant to the terms of the SPA, the Purchaser would acquire the Target Company with the net value of its assets and liabilities as at 30 September 2015 based on the unaudited consolidated accounts of the Target Company as at 30 September 2015 on Completion and any subsequent profit or loss of the Target Company arising between 1 October 2015 and Completion shall be accrued to or borne by the Purchaser.

### **INFORMATION ON THE GROUP**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is an independent axle component provider for the PRC's medium duty truck ("MDT") and heavy duty truck ("HDT") aftermarket, and also an independent axle assembly provider for the PRC's MDT and HDT original equipment manufacturers ("OEM") market. The Group is engaged in the manufacture and sales of axle assemblies and axle components in the PRC mainly through the Target Company and Longyan, another wholly-owned subsidiary of the Vendor. The Group is also engaged in electronic commerce business through a cross-border business-to-business electronic distribution platform sourcing, importing and channeling authentic goods from suppliers abroad and then distributing and reselling such goods to domestic retailers in the PRC, and other general trading business.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability, with a registered capital of RMB375,000,000. The Target Company is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date. The Target Company is engaged in the businesses of both axle assemblies and train and railway components.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the Announcement.

As set out in the Announcement, the Board regularly reviews the business and operational performance of the Group and implements strategic decisions that are considered beneficial to the Group.

In respect of the axle assembles business of the Target Company, due to the continued deterioration of the business environment of the heavy duty truck market in the PRC, the demand for axle assembles has declined significantly. In respect of the sales of train and railway components of the Target Company to the customers in the Commonwealth of Independent States (which was the only market of the Target Company's train and railway components business), due to the continued unstable political environment in the Commonwealth of Independent States, there is also great uncertainty relating to the sales of train and railway components.

For the reasons set out above, the Board decided to temporarily suspend the business operations of the Target Company in September 2015 pending for a final decision on ceasing the operations of the Target Company or choosing other options that are in the best interest of the Company and the Shareholders. Since then, the Vendor has been identifying and in touch with three potential buyers of the Target Company (including the Purchaser) referred to the Vendor through independent business contacts. After initial due diligence, only the Purchaser remained interested in the business and the acquisition of the Target Company. The Vendor reached an agreement with the Purchaser and the parties entered into the SPA on 2 February 2016.

Having considered that (i) there is no clear potential for material improvement on the performance of the Target Company under the challenging environment; (ii) limited alternatives and business opportunities to be carried out by the existing facilities of the Target Company and (iii) the unlikelihood of recovering the Sale Debt by the Group from the Target Company upon cessation of its operations, the Directors believe that the Disposal represents a good opportunity for the Group to improve its overall returns and provide a greater value to the Shareholders by focusing its resources on the axle business carried out by Longyan and its fast growing electronic commerce business and other general trading business and cease to continue its axle assembles and train and railway components businesses carried out by the Target Company.

The Directors have continued to review the axle business carried out by Longyan with an open mind and strive to improve the business operations and financial position of Longyan which have also been significantly affected by the declining demand for axle assembles and the challenging business environment in general. Longyan recorded a significant reduction in revenue in 2015 as compared to the revenue recorded in 2014. The Company will continue to explore business opportunities to maximize the revenue generated from the axle business of Longyan and will choose options that are in the best interest of the Company and the Shareholders. Such options may include sale of machineries and equipment held by Longyan that are in excess capacity in order to generate cash inflow. Disposal of Longyan may also be one of such options to be considered by the Company if

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## LETTER FROM THE BOARD

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this is in the best interest of the Company and the Shareholders. However, as at the Latest Practicable Date, the Company intended to maintain the axle business of Longyan and did not have any specific plan to dispose of Longyan and was not in negotiation with any party to dispose of Longyan. The Company will comply with the relevant applicable Listing Rules requirements including but not limited to Rule 14.92 of the Listing Rules as and when appropriate.

Based on the unaudited consolidated accounts of the Target Company as at 30 September 2015, the unaudited consolidated net liabilities of the Target Company was approximately RMB355,681,000 after adjusting for and reflecting the preliminary valuations of property as well as plant and machinery assets held by the Target Company conducted by independent valuer. The Consideration of RMB4,000 largely represents the fair market value of the Sale Shares and the Sale Debt in aggregate. Having considered that the Group could dispose of the liabilities associated with the Target Company and save future cash outflow in maintaining the Target Company's loss-making operations, the Directors consider that the Consideration is reasonable and the Disposal is in line with the Group's overall business strategy and is in the interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the SPA are on normal commercial terms and are fair and reasonable and the SPA and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

### USE OF PROCEEDS

After deducting the costs and expenses in connection with the Disposal, it is estimated that there will be no net proceeds from the Disposal.

### FINANCIAL EFFECTS OF THE DISPOSAL

Set out below is a summary of the consolidated income statement of the Target Company extracted from the audited consolidated financial statements of the Target Company for the financial years ended 31 December 2013 and 2014 based on PRC GAAP, and the unaudited consolidated income statement of the Target Company for the nine months ended 30 September 2015 based on PRC GAAP, after taking into account the prior year adjustments with reference to the announcement of the Company dated 29 February 2016:

	<b>For the financial year ended 31 December 2013 RMB'000</b>	<b>For the financial year ended 31 December 2014 RMB'000</b>	<b>For the nine months ended 30 September 2015 RMB'000</b>
Turnover	250,201	257,230	86,529
Loss before taxation	(27,331)	(272,593)	(350,347)
Loss after taxation	(29,193)	(274,874)	(350,347)

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## LETTER FROM THE BOARD

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The consolidated total assets and the consolidated total liabilities of the Target Company as extracted from the audited consolidated financial statements of the Target Company based on PRC GAAP were approximately RMB826,540,000 and RMB554,727,000 as at 31 December 2013 respectively and RMB579,168,000 and RMB584,502,000 as at 31 December 2014 respectively, after taking into account the prior year adjustments with reference to the announcement of the Company dated 29 February 2016. The unaudited consolidated total assets and unaudited consolidated total liabilities of the Target Company were approximately RMB196,678,000 and RMB552,359,000 as at 30 September 2015 respectively based on PRC GAAP.

The Group does not expect to recognise any material accounting gain or loss as a result of the Disposal, because the Consideration of RMB4,000 represents the difference between the unaudited consolidated net liabilities position of the Target Company as at 30 September 2015 of approximately RMB355,681,000 and the Sale Debt of RMB355,685,000 based on the unaudited consolidated accounts of the Target Company. The Consideration of RMB4,000 represents no excess over or deficit under the difference between the Sale Debt and the unaudited consolidated net liabilities of approximately RMB355,681,000 of the Target Company based on the unaudited consolidated accounts of the Target Company as at 30 September 2015.

Shareholders should note that the above figures are for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the net liabilities of the Target Company as at the date of Completion.

Upon Completion, the Company will cease to have any interest in the Target Company and its subsidiary, and the Target Company and its subsidiary will cease to be subsidiaries of the Company. Accordingly, the profits and losses and the assets and liabilities of the Target Company and its subsidiary will no longer be consolidated into the consolidated financial statements of the Company. Accordingly, upon Completion, the total assets and liabilities of the Group will be reduced by the assets and liabilities attributable to the Target Company and its subsidiary.

### Reconciliation of valuation figure

To illustrate the financial impact of the valuation on the Target Company's balance sheet, reconciliation is based on the Target Company's audited consolidated financial statements. The reconciliation to the Target Company's balance sheet is set out as follows:

	<i>RMB</i>
<b>Land use rights of 100% of real property of the Target Company</b>	
Carrying balance as at 31 December 2014	222,310,726
Valuation difference	<u>82,480,726</u>
Revaluation balance as at 31 December 2015	<u><u>139,830,000</u></u>

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## LETTER FROM THE BOARD

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### FINANCIAL AND TRADING PROSPECTS

The Group will continue to carry on the axle business through Longyan after the Disposal but expects such business to continue to be challenging in the current year due to the continued deterioration of the business environment of the axle market.

The Group acquired the electronic commerce (CCIGMALL) business in March 2015. The Group expects that it will focus more resources on this business segment and other general trading business in the foreseeable future. In this respect, the Group has commenced practical businesses with hundreds of brand suppliers in overseas countries, which cover thousands of brand producers. The Group has also established strategic cooperative relationships with famous brand groups. For example, the Company had signed various legally binding strategic cooperative agreements and major business contracts with UnionPay Co., Ltd, Bank of China Limited, China Telecom Tianyi e-commerce Co., Ltd, eBay International AG, Class Editori S.p.A, Class China e-Commerce S.r.l. and Class Editori S.p.A. Further details of such agreements are set out in the announcement of the Company dated 14 April 2015. As at the Latest Practicable Date, the Company had also signed over 40 legally binding supply of goods agreements with various suppliers in relation to the supply of their products to the CCIGMALL platform.

At present, both the business-to-business (B2B) and the business-to-customer (B2C) electronic commerce businesses have already been launched. The business model is to set up a direct path between pre-identified suppliers, distributors and domestic retailers or customers in the PRC. In respect of the business-to-business (B2B) business, as at 31 December 2015, over 100,000 users had installed the CCIGMALL application. In respect of the business-to-customer (B2C) business, as at 31 December 2015, there were over 11,000 individual users. As at 31 December 2015, 270 vendors had supplied products to the CCIGMALL platform and the total number of stock keeping units was over 2,000.

As set out in the announcement of the Company dated 11 June 2015 and the circular issued by the Company dated 3 July 2015, the Company entered into a loan agreement with Century Network Holding Limited, a subsidiary of the Company, on 11 June 2015 to advance an unsecured loan of an aggregate amount of not more than US\$22 million (the “**Loan**”) to Century Network Holding Limited for, among other things, developing the electronic commerce business. As at 31 December 2015, approximately RMB59 million out of the US\$22 million, representing approximately 43% of the Loan, had been invested in the electronic commerce business. As at the Latest Practicable Date, the electronic commerce business was yet to break even. However, looking ahead, the Group will continue to strengthen its supplier network and strategic cooperative relationships and will commit time and resources into developing its business-to-business (B2B) and the business-to-customer (B2C) electronic commerce businesses which are experiencing rapid growth in the PRC.

Overall, to increase the Group’s competitiveness within the market in the coming year, it will further enhance cost control, product development and marketing network and will expand to overseas markets when opportunities arise. The Group will also from time to time diligently review the operating performance, growth potential and funding requirements for

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## LETTER FROM THE BOARD

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each of its business segments and prioritize the allocation of its resources in order to enhance the financial position of the Group and to optimise the potential returns on Shareholders' investment.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules for the Disposal are more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and the SPA and the transactions contemplated thereunder are therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules. An EGM will be convened by the Company to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder, including the Disposal.

### EGM

The Company will convene the EGM at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 22 April 2016 at 11:00 a.m. to consider and if thought fit, approve the SPA and the transactions contemplated thereunder, including the Disposal. The notice of the EGM is set out on pages EGM-1 and EGM-2 of this circular. The voting on such resolutions will be conducted by way of poll in accordance with Rule 13.39(4) of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolutions approving the Disposal at the EGM.

The Company will publish an announcement on the results of the EGM in accordance with Rule 13.39(5) of the Listing Rules after the EGM.

A proxy form for use by the Shareholders 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 the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

### RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the terms of the SPA are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the

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## LETTER FROM THE BOARD

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independent non-executive Directors) recommend all Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the SPA and the transactions contemplated thereunder, including the Disposal.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Fortunet e-Commerce Group Limited**  
**Mr. Cheng Jerome**  
*Chairman*

**1. Three year financial information**

The audited consolidated financial statements of the Group for the year ended 31 December 2012, the year ended 31 December 2013 and the year ended 31 December 2014 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2015 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://about.ccigmail.com/>):

- pages 47 to 119 in the annual report 2012 of the Company for the year ended 31 December 2012 published on 19 April 2013;
- pages 46 to 119 in the annual report 2013 of the Company for the year ended 31 December 2013 published on 22 April 2014;
- pages 58 to 139 in the annual report 2014 of the Company for the year ended 31 December 2014 published on 17 April 2015; and
- pages 11 to 56 in the interim report 2015 of the Company for the six months ended 30 June 2015 published on 1 September 2015.

Each of the said consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular. Please also see below the links to the annual/interim reports of the Company:

Annual Report 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0419/LTN201304191050.pdf>

Annual Report 2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0422/LTN20140422645.pdf>

Annual Report 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0417/LTN20150417285.pdf>

Interim Report 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0901/LTN201509011157.pdf>

## 2. Statement of indebtedness

At the close of business on 31 January 2016, being the latest practicable date for the purpose of the statement of indebtedness, the Group had total borrowings (including borrowings classified as held-for-sale) amounting to approximately RMB414.7 million, details of which are as follows:

- i. bank borrowings of approximately RMB114.4 million (of which RMB15.0 million was unsecured and guaranteed by subsidiaries of the Group, RMB69.4 million was secured and RMB30.0 million was secured and guaranteed. The Group's assets secured, including property, plant and equipment with carrying value of RMB26.1 million, land use rights with carrying value of RMB11.7 million, and trade receivables with carrying amount of RMB13.3 million, and assets classified as held-for-sale with carrying amount of RMB8.0 million);
- ii. other borrowings from third parties of approximately RMB97.5 million (of which RMB48.5 million was unsecured and unguaranteed, RMB13.0 million was guaranteed, and RMB36.0 million guaranteed by subsidiaries of the Group);
- iii. other payables to a third party of RMB11.0 million; and
- iv. secured notes of approximately RMB131.0 million and convertible bonds of approximately RMB60.8 million (liability component), together secured by 505,581,818 Shares held by CIHL.

As at 31 January 2016, being the latest practicable date for the purpose of the statement of indebtedness, the Group had available credit facility of RMB8.0 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 January 2016, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

## 3. Working capital

The Directors are of the opinion that, after taking into account the financial resources available to the Group including the available credit facilities and the internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

## 4. Material adverse changes

As at the Latest Practicable Date, the Directors confirm that, save as disclosed in the interim report 2015 of the Company and the profit warning announcement and the update on profit warning announcement of the Company dated 22 June 2015 and 6 August 2015 respectively, there has been no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group have been made up.

*The following is the text of a report dated 30 March 2016 prepared for the purpose of incorporation into this circular received from Roma Appraisals Limited in connection with its opinion on the value of the property as at 31 December 2015.*



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30 March 2016

Fortunet e-Commerce Group Limited  
Units 808-814,  
Sun Hung Kai Centre,  
30 Harbour Road,  
Wanchai, Hong Kong

Dear Sir/Madam,

**Re: An industrial complex situated at the junction of Dongchang Road and Xinsong Road, Kaifeng City, Henan Province, the People's Republic of China**

In accordance with your instruction for us to value the property held by Fortunet e-Commerce Group Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 December 2015 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 30 March 2016.

## **1. BASIS OF VALUATION**

Our valuation of the property is our opinion of the market value of the concerned property of the Group which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

## **2. VALUATION METHODOLOGIES**

Valuation methodologies commonly adopted in the market for property similar to the property are as follows:

### **2.1 The Direct Comparison Approach**

Direct comparison approach is considered as the most appropriate method of valuation when comparable information is adequate. Comparable properties of similar nature, character and location are analyzed. Adjustments will be applied to the said comparable properties to reflect items such as location, size, building age, floor level, view and layout, and then carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the market value of the property.

The property is specifically used as an axle manufacturing and axle assembly facility. It was built with specific requirements such as building materials, capacities on beam loading, headroom and electricity ancillary facility for which the buildings and structures of the property has been constructed. The property is unlikely be used for other ordinary manufacturing activities. According to our market research, such specific type of facility is not readily available in the market. Furthermore, the industrial park in which the property was located was tailor-made on electricity supply on the heavy industry to develop the axle manufacturing business there. Therefore there are no readily identifiable market comparables. As such, the direct comparison approach is not appropriate in the circumstances.

### **2.2 The Income Approach**

Income approach measures the value of the property by the present value of its future economic benefits. By taking into account the net rental income of the property derived from the existing lease and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which has been then capitalised to determine the market value at an appropriate capitalisation rate.

The property is not under any existing lease and as mentioned above, axle manufacturing and axle assembly facility is not readily available in the market, therefore, the net rental income for such type of property achievable in the existing market is not known. Accordingly, the income approach is not appropriate in the circumstances.

### **2.3 The Depreciated Replacement Cost Approach (“DRC”)**

The DRC is derived from a market value of the bare land based on direct comparison approach, plus the current cost of replacing the structures existing on the bare land less deductions for physical deterioration and all relevant forms of obsolescence and optimization (if applicable).

In practice, DRC approach may be used as a substitute for ascertaining the market value of specialized purpose-built property, due to the lack of market comparables available. Due to the specialized purpose-built nature of the property with specific requirements designed for axle manufacturing and axle assembly facility and the lack of market comparables available as mentioned above, the DRC approach may be used as a substitute for valuing the buildings and structures of the property.

Physical deterioration would be an adjustment on physical condition for the asset based on its depreciation of used years. We have also considered the obsolescence and optimization, if applicable.

Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business, therefore, we have considered the capability with respect to the operation of the business.

#### **2.4 Conclusion**

For the reasons set out above, we are of the view that neither the direct comparison approach nor the income approach is appropriate in the circumstances and the buildings and structures of the property have been valued on the basis of their DRC.

### **3. TITLE INVESTIGATION**

For the property in the PRC, we have been provided with copies of extracts of title documents relating to the property in the PRC. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group and the Group's PRC legal advisor, Jian Da Law Firm regarding the titles of the property in the PRC. All documents have been used for reference only.

We have relied on the advice given by the Group and its PRC legal advisor that the Group has valid and enforceable title to the property with relevant title certificates which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

### **4. VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

## **5. SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

## **6. VALUATION CONSIDERATION**

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

**7. REMARKS**

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (“RMB”).

Our Valuation Certificate is attached.

Yours faithfully,  
For and on behalf of

**Roma Appraisals Limited****Dr. Alan W K Lee***BCom(Property) MFin PhD(BA)**MHKIS RPS(GP) AAPI CPV CPV(Business)***Associate Director****Frank F Wong***BA (Business Admin) MSc (Real Estate)**MRICS Registered Valuer***Associate Director**

*Note:* Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 12 years’ valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

*Note:* Mr. Frank F Wong is a Chartered Surveyor and Registered Valuer who has 17 years’ valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 9 years’ experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

## VALUATION CERTIFICATE

## Property held by the Group for owner-occupation in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2015
An industrial complex situated at junction of Dongchang Road and Xinsong Road, Kaifeng City, Henan Province, The PRC	The property comprises a parcel of land with a site area of approximately 314,787.67 sq.m. and various buildings and ancillary structures erected thereon which were completed in various stages between 1970s' and 2010s'.	The property is vacant.	RMB139,830,000
中國河南省開封市新宋路與東昌路交叉口之一個工業項目	The property also comprises a parcel of land with a site area of approximately 153,333.33 sq.m. without relevant title certificates.  The buildings have a total gross floor area of approximately 36,793.26 sq.m..  The 2 buildings have a total gross floor area of approximately 33,793 sq.m. without relevant title certificates.  The land use rights of the property have been granted for a term expiring on 27 April 2060 for industrial use.		

## Notes:

- Pursuant to a Real Estate Title Certificate, Bian Fang Di Chan Quan Zheng No. 236368 (汴房地產權證第236368號), the land use rights of a parcel of land with a site area of approximately 314,787.67 sq.m. has been granted to Kaifeng Changfeng Axle Co., Ltd. (開封暢豐車橋有限公司) ("Kaifeng Changfeng"), a wholly-owned subsidiary of the Group, for a term expiring on 27 April 2060 for industrial use.
- Pursuant to 15 Real Estate Title Certificates, the buildings with a total gross floor area of approximately 36,793.26 sq.m. have been granted to Kaifeng Changfeng for industrial and ancillary uses. The details of which are as follows:

Real Estate Title Certificates	Usage	Gross Floor Area (sq.m.)
Bian Fang Di Quan Zheng No. 236354	Factory	1,248.71
Bian Fang Di Quan Zheng No. 236355	Warehouse	3,707.48
Bian Fang Di Quan Zheng No. 236356	Generator Room	211.68
Bian Fang Di Quan Zheng No. 236357	Office	2,579.33
Bian Fang Di Quan Zheng No. 236358	Office	3,971.3
Bian Fang Di Quan Zheng No. 236359	Canteen	538.99
Bian Fang Di Quan Zheng No. 236360	Generator Room	226.71
Bian Fang Di Quan Zheng No. 236361	Pump Room	64.58
Bian Fang Di Quan Zheng No. 236362	Factory	12,067.9
Bian Fang Di Quan Zheng No. 236363	Office	535.03
Bian Fang Di Quan Zheng No. 236364	Canteen	1,346.54
Bian Fang Di Quan Zheng No. 236365	Factory	1,344.32
Bian Fang Di Quan Zheng No. 236366	Factory	1,188.76
Bian Fang Di Quan Zheng No. 236367	Factory	7,695.18
Bian Fang Di Quan Zheng No. 236369	Pump Room	66.75
	Total:	<u>36,793.26</u>

3. Pursuant to 6 Civil Ruling Letters of Kaifeng City Shunhehuizu District People's Court (開封市順河回族區人民法院民事裁定書) dated between 13 August 2015 and 12 October 2015, debt disputes cases have been filed against on a parcel of land under Bian Fang Di Chan Quan Zheng No. 236368 (汴房地產權證第236368號) with a total amount of RMB11,634,595.3.
4. The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Real Estate Title Certificates	Yes
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5. In the course of our valuation, we have attributed no commercial value to a parcel of land and 2 buildings of the property with a site area and total gross floor area of approximately 153,333.33 sq.m. and 33,793 sq.m. respectively, both of which have not obtained any title certificates.
6. Our inspection was performed by Frank F. Wong, in December 2015.
7. In our valuation, we have only considered the land use rights of a parcel of land with a site area of approximately 314,787.67 sq.m. which has been granted for industrial use and the buildings with a total gross floor area of approximately 36,793.26 sq.m. for industrial and ancillary uses. The parcel of land with a site area of approximately 153,333.33 sq.m. and the 2 buildings with a total gross floor area of approximately 33,793 sq.m. were not considered as at the Date of Valuation due to lack of the relevant title certificates stipulated in Note 5.
8. We are of the opinion that the adjusted market unit rate for the industrial land by direct comparison approach and the adjusted cost of replacing of the industrial buildings by the DRC approach as at the Date of Valuation will be approximately RMB239 per sq.m. and approximately RMB1,755 per sq.m. respectively. The market value of the property as at the Date of Valuation is the aggregate of the market value of the industrial land of approximately RMB75,200,000 and the adjusted cost of replacing the industrial buildings of approximately RMB64,630,000.
9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:
  - a. The ownership of the property is legal and valid;
  - b. The property conforms the usage stipulated in the Real Estate Title Certificates;
  - c. The absence of relevant title certificates will not have any negative impact or implications on the Group upon Completion; and
  - d. Kaifeng Changfeng has been involved in a number of debt disputes cases, there is a remote possibility that the property will be enforced by the court's compulsory orders in the future. The debt disputes will not have any negative impact or implications on the Group upon Completion.

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## APPENDIX III MACHINERIES AND EQUIPMENT VALUATION REPORT

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*The following is the text of a report dated 30 March 2016 prepared for the purpose of incorporation into this circular received from Roma Appraisals Limited in connection with its opinion on the value of the Assets as at 31 December 2015.*



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30 March 2016

Fortunet e-Commerce Group Limited  
Units 808-814,  
Sun Hung Kai Centre,  
30 Harbour Road,  
Wanchai, Hong Kong

Dear Sir/Madam,

**Re: Valuation of the Assets held by Fortunet e-Commerce Group Limited, its Subsidiaries and/or Associate Companies in Kaifeng City, Henan Province, the People's Republic of China**

In accordance with your recent instructions for us to value the machineries and equipment including parts, stocks and office equipment (the “**Assets**”) held by Fortunet e-Commerce Group Limited (the “**Company**”), its subsidiaries and/or associate companies (hereinafter together referred to as the “**Group**”) located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the valuation as at 31 December 2015 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 30 March 2016.

### **1. BASIS OF VALUATION**

Our valuation of the Assets is our opinion of the market value of the concerned Assets which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Our opinion of market value (in-use) is not intended to represent the amount that might be realized from piecemeal disposition of the Assets in the open market or from alternative use of the Assets.

## **2. VALUATION METHODOLOGIES**

Valuation methodologies commonly adopted in the market for assets similar to the Assets are as follows:

### **2.1 The Sales Comparison Approach**

The sales comparison approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised Assets relative to the market. Comparative assets for which there is established and used market may be appraised by this approach.

The Assets are specifically designed and used for axle manufacturing and axle assembly purposes. Each specialized manufacturer has own configuration to modify its equipment to accommodate the special products. The Assets cannot be used for other purposes. According to our market research, such specific type of assets is not readily available in the market. Therefore there are no comparative assets for which there is established and used market. As such, the sales comparison approach is not appropriate in the circumstances.

### **2.2 The Income Approach**

The income approach is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of assets that consists of stable cash flow income.

There is absence of stable cash flow income generated from the Assets. Accordingly, the income approach is not appropriate in the circumstances.

### **2.3 The Cost Approach**

The cost approach considers the cost to reproduce or replace in new condition the Assets appraised in accordance with current market prices for similar assets or by making reference to the purchase price of similar assets, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present (if applicable), whether arising from physical, functional or economic cause. The cost approach generally furnishes the most reliable indication of value for assets with specific purpose and without known used market.

Physical depreciation is the loss in value due to physical deterioration resulting from wear and tear in operation and exposure to elements. Deterioration due to age and deterioration due to usage are the main factors that affect physical condition.

Due to the specialized purpose-built nature of the Assets with specific requirements designed for axle manufacturing and axle assembly facility and the lack of known used market as mentioned above, and on the basis that the Assets valued

were idle and not currently in use, and that they would not be possible to realize full capability in their specified condition without extensive repairs and/or replacement of major parts. The cost approach would be appropriate for valuing the Assets.

We have considered linear depreciation method which is a method of calculating the depreciation of an asset, assuming the asset will lose an equal amount of value each year. The annual depreciation is calculated by subtracting the salvage value of the asset from purchase price, and then dividing this number by the estimated useful life of the asset.

#### **2.4 Conclusion**

For the reasons set out above, we consider it is more appropriate and in line with industry norm and market practice in the circumstances to adopt the cost approach.

In our valuation under the cost approach, the amount of the cost of the Assets was RMB116,930,000 and the allowance for accrued depreciation was RMB103,660,000 (based on the annual depreciation rate of approximately 10-25% and approximately 0-10% salvage value). The market value of the Assets as at the Date of Valuation was therefore RMB13,270,000, being the amount of the cost of the Assets minus the allowance for accrued depreciation.

### **3. LOCATION**

The Assets held by the Group are situated in an industrial complex located at Baixixin District, Kaifeng City, Henan Province, the PRC.

Accessibilities of the localities are considered reasonable. Main roads and air network are linked to the subject localities. Taxis and private cars can be accessed to the subject developments.

### **4. THE ASSETS**

The Assets valued are held by Kaifeng Changfeng Axle Co., Ltd. (開封暢豐車橋有限公司) (“**Kaifeng Changfeng**”) as at the Date of Valuation, which is a wholly-owned subsidiary of the Group. The company was principally engaged in the manufacturing and sales of gears of motor vehicles in the PRC.

At the time of our inspection, the Assets were observed to be generally in poor condition and most of them were rust occurring due to the absence of proper maintenance works. We are of the opinion that most of the Assets may not be capable of operating the purpose for which they were designed and produced.

In valuing the Assets, we have relied on the advice given by the Group that the Group has valid and enforceable title to the Assets and the records of the Assets including the costs and acquisition dates.

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## APPENDIX III MACHINERIES AND EQUIPMENT VALUATION REPORT

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The Assets mainly include machineries & equipment (such as travelling crane of 20t, 16t, 10t, 5t, 3t, 2t, CNC horizontal machining center (臥式加工心盤數控機床), horizontal three-headed milling machine (臥式雙頭三面銑床), coordinate boring machine (座標鏜床), 3.5 kv Stepdown statio with power supply system (3.5千伏降壓站及供電系統), smelting furnace (中頻爐爐體), pressing machine for rear axle hub bolts (輪載螺栓後橋壓裝機), assembly conveyor line (裝配輸送線), coating heating device (覆膜加熱裝置), sand mixer for core body (制芯混砂機), refining furnace (精煉爐), EAF dust removal system (電爐除塵系統), catenary type shot blasting machine (懸鏈式拋丸機) and hydraulic forklift (液壓叉車)); parts & stocks (such as axle (半軸), 3-speed tandem axle (貫通軸), brakes (制動器), subtractive shell brake drum (差減殼制動鼓), shaft cross (十字軸), crown gear (盆角齒) and primary driven gear (主從動圓柱齒)) and office equipment items (such as desktop computer, printer, office furniture, air conditioner and motor vehicle).

### 5. VALUATION CONSIDERATION AND ASSUMPTION

During our inspection of the sample Assets, the Assets had been observed to be in idle condition. Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or other observable conditions distinguishing the appraised assets from the Assets of like kind in new condition were noted and made part of our judgment in arriving at the value.

We have also investigated market condition, discussed with local staff and professional and examined relevant documents and specification supplied to us. On the basis of the foregoing, it was assumed that prospective earnings would not provide a reasonable return on the appraised value of the Assets, plus the value of any assets not included in the valuation. It was also assumed that there is inadequate net working capital to operate the Assets.

The situation being such, we have to a substantial extent relied upon our best judgment, while giving full consideration to the local condition.

We have not investigated any safety regulations regarding the subject production. It is assumed that all necessary licenses, procedures and measures were implemented in accordance with the relevant government legislation and guidance.

To the best of our knowledge, all data set forth in this report are true and accurate. The data, opinions, or estimates, identified as being furnished by others which have been used in formulating this analysis are gathered from reliable sources, yet, no guarantee is made nor liability assumed for the accuracy.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Assets are used.

It must be noted that our valuation is relied on the information supplied by the Group that the Assets are in idle operating conditions. We did not attempt to operate or test the Assets. In addition, our valuation has been prepared based upon the assumptions that the Assets will continue in the existing use and the Assets will be used in the existing state with the benefit of continuity of tenure of land and buildings in the foreseeable future.

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## APPENDIX III MACHINERIES AND EQUIPMENT VALUATION REPORT

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We have not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the Assets. Also no investigation was conducted as to whether the operation of specific pieces of Assets complied with the relevant environmental standard and ordinances; we have assumed that the Assets continue and will continue to comply with the current environmental standards and ordinances. We have made no allowance in our valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

We have made no investigation and assume no responsibility for titles or liabilities against the Assets.

The scope of this valuation is restricted to the Assets valued. We have therefore excluded in our valuation the land and buildings, current assets and intangible assets of Kaifeng Changfeng.

### 6. REMARKS

Our valuation is prepared in compliance with the International Valuation Standard published by International Valuation Standards Council.

We hereby confirm that we have neither present nor prospective interest in the Group, the Assets and the associated companies, or the values reported herein.

Unless otherwise stated, all monetary amounts stated in our valuation is in Renminbi (“RMB”).

### 7. VALUATION

Our opinion of the market value of the Assets, based on the aforesaid basis, assumptions and considerations, as at 31 December 2015 was **RMB13,270,000 (RENMINBI THIRTEEN MILLION AND TWO HUNDRED SEVENTY THOUSAND)**.

Yours faithfully,

For and on behalf of

**Roma Appraisals Limited**

**Dr. Alan W K Lee**

*BCom(Property) MFin PhD(BA)*

*AAPI CPV CPV(Business)*

**Associate Director**

**Frank F Wong**

*BA (Business Admin) MSc (Real Estate)*

*MRICS Registered Valuer*

**Associate Director**

*Note:* Dr. Alan W K Lee is an Associate of Australian Property Institute. He has over 12 years' valuation experience of plant and machinery in Hong Kong and the PRC.

*Note:* Mr. Frank F Wong is a Chartered Surveyor and Registered Valuer who has 17 years' valuation experience of plant and machinery in Hong Kong and 9 years' experience in valuation of plant and machinery in the PRC.

### 1. Responsibility statement

This circular, for which the 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.

### 2. Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

### 3. Interests and short positions of substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other person or companies (other than the Directors or the chief executive of the Company) had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

#### *Long and short positions in the Shares*

Name of substantial Shareholders	Nature of Interest	Interest in Shares	Approximate percentage of shareholding	Notes
CIHL	Beneficial interest	536,231,818	34.99	1
Starr International Foundation	Interest of controlled corporations	224,710,691	14.66	2
Yang Liu	Interests of controlled corporations	153,572,000	10.02	3
Jinyu Developments Limited	Beneficial interest	84,263,636	5.50	4

*Notes:*

1. CIHL is wholly owned by Ms. Pun Tang. On 3 June 2015, a charge over the 505,581,818 Shares held by CIHL had been created in favour of Chance Talent Management Limited. Chance Talent Management Limited is wholly owned by CCBI Investments Limited, which is in turn wholly owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is wholly owned by CCB Financial Holdings Limited, which is in turn wholly owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is wholly owned by China Construction Bank Corporation, which is owned as to 57.26% by Central Huijin Investment Ltd.
2. Starr Investments Cayman II, Inc. and Starr Investments Cayman V, Inc. are the beneficial owners of Shares as to 7.49% and 7.17% respectively. Starr Investments Cayman II, Inc. is wholly-owned by Starr International Cayman, Inc., which is in turn wholly-owned by Starr Insurance and Reinsurance Ltd.. Starr Insurance and Reinsurance Ltd. and Starr Investments Cayman V, Inc. are wholly-owned subsidiaries of Starr International Investments Ltd., which is in turn wholly-owned by Starr International Company Inc.. Starr International Company Inc. is wholly-owned by Starr International AG, which is wholly-owned by Starr International Foundation, a charitable foundation established in Switzerland.
3. Riverwood Asset Management (Cayman) Limited, Atlantis Investment Management (Ireland) Limited and Atlantis Investment Management (Hong Kong) Limited are the beneficial owners of Shares. Riverwood Asset Management (Cayman) Limited is wholly owned by Yang Liu. Investment Management (Ireland) Limited and Atlantis Investment Management (Hong Kong) Limited are wholly owned by Atlantis Capital Holdings Limited which is in turn wholly owned by Yang Liu.
4. Jinyu Developments Limited is wholly owned by Wu Jindi.

**4. Directors' interests in contracts and assets**

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have since 31 December 2014 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**5. Competing interest**

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

**6. Litigation**

As at the Latest Practicable Date, the Group was not engaged in any litigation, claim or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 7. Services contracts

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group which is not expiring or determinable by the Group within one year without payment of any compensation, other than statutory compensation.

## 8. Material contracts

The following contracts (not being contracts in the ordinary course of business of the Enlarged Group) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the equity transfer agreement dated 27 June 2014 entered into between 福建暢豐機械製造有限公司 (Fujian Changfeng Machinery Manufacturing Co., Ltd.\*) (“**Fujian Changfeng**”), 龍岩盛豐機械製造有限公司 (Longyan Shengfeng Machinery Manufacturing Co., Ltd.\*) (“**Longyan Shengfeng**”) and 龍岩申豐專用汽車有限公司 (Longyan Changfeng Special Vehicle Co., Ltd.\*) (“**Longyan Special Vehicle**”), pursuant to which Longyan Special Vehicle agreed to acquire the entire equity interest in 福建申豐齒輪有限公司 (Changfeng Gear Manufacturing Co. Ltd.\*) (the “**JV Company**”) and Fujian Changfeng and Longyan Shengfeng agreed to sell their respective 60% and 40% equity interest in the JV Company at a total consideration of RMB35,000,000;
- (b) the agreement dated 30 July 2014 entered into between 四川暢豐車橋有限公司 (Sichuan Changfeng Axle Co., Ltd.\*) and 南充市嘉陵區人民政府 (Jialing District People’s Government of Nanchong City\*) in relation to the surrendering of the two parcels of land located at Southern Side of Chun Jiang Dong Lu, Jialing District, Nanchong City, Sichuan Province, the PRC with an aggregate area of approximately 213,436.95 sq. m. for a consideration of RMB71,083,706;
- (c) the share purchase agreement dated 26 September 2014 entered into between the Company and Century East Network Limited in relation to the acquisition by the Company of the 51 fully paid ordinary shares in Century Network Holding Limited for a consideration of approximately HK\$40,300,000;
- (d) the subscription agreement dated 26 September 2014 entered into between the Company and Century East Network Limited in relation to the subscription for 610,606,060 new Shares for a consideration of approximately HK\$201,500,000;
- (e) the agreement dated 4 January 2015 entered into between the Target Company and 開封市土地整理儲備中心 (Kaifeng Land Resumption Center\*) and 開封新區管理委員會 (Kaifeng Urban District Management Committee\*) in relation to the surrendering of the three parcels of land located at the southern side of Song Cheng Road, Kaifeng City, Henan Province with an aggregate area of approximately 100,448.76 sq. m. where the Target Company had erected factories and other structures with an aggregate gross floor area of approximately 31,839.11 sq. m., for a consideration of RMB102,690,000;

- (f) the subscription agreement dated 6 May 2015 entered into between the Company and Chance Talent Management Limited in relation to the issue of the 13% secured guaranteed two-year notes due 2017 in the principal amount of US\$20 million, the Series 1 13% secured three-year convertible bonds due 2018 in the principal amount of US\$6 million and the Series 2 13% secured three-year convertible bonds due 2018 in the principal amount of US\$4 million;
- (g) the loan agreement dated 11 June 2015 entered into between the Company as lender and Century Network Holding Limited as borrower for a US\$22 million unsecured loan;
- (h) the loan agreement dated 27 November 2015 entered into between 福建暢豐機械集團有限公司 (Fujian Changfeng Jixie Jituan Company Limited\*) as borrower and 北京世紀新幹綫網絡技術有限公司 (Beijing Shiji Xinganxian Wanglu Jishu Company Limited\*) as lender for a RMB49 million loan; and
- (i) the SPA.

#### 9. Experts' qualifications and consents

The following are the qualifications of the experts who have given opinion and advice in this circular:

Name	Qualifications
Jian Da Law Firm	Legal advisers as to PRC law
Roma Appraisals Limited	Independent valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report dated 30 March 2016 and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2014, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

#### 10. General

- (a) The company secretary of the Company is Mr. Chan Chi Keung, Billy. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants and he holds an honours degree with major in Accounting from the Hong Kong Baptist University.

- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is at Room 808-814, 8/F, Sun Hung Kai Center, 30 Harbour Road, Wanchai, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (e) The principal share registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited.
- (f) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in the case of inconsistency.

#### **11. Documents available for inspection**

Copies of the following documents are available for inspection at the principal place of business of the Company at Room 808-814, 8/F, Sun Hung Kai Center, 30 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekday other than public holidays, until the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual report 2012, 2013 and 2014 of the Company for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 respectively;
- (c) the interim report 2015 of the Company for the six months ended 30 June 2015;
- (d) the property valuation report of the Target Company prepared by Roma Appraisals Limited, the text of which is set out in Appendix II to this circular;
- (e) the machineries and equipment valuation report of the Target Company prepared by Roma Appraisals Limited, the text of which is set out in Appendix III to this circular;
- (f) the material contracts referred to in the paragraph headed “8. Material Contracts” in this Appendix;
- (g) the written consent referred to in the paragraph headed “9. Experts’ qualifications and consents” in this Appendix; and
- (h) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or Chapter 14A of the Listing Rules which has been issued since 31 December 2014, being the date to which the latest published audited accounts were made up.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### FORTUNET E-COMMERCE GROUP LIMITED

鑫網易商集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1039)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of Fortunet e-Commerce Group Limited (the “**Company**”) will be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 22 April 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the sale and purchase agreement dated 2 February 2016 (the “**SPA**”) entered into between 福建暢豐機械集團有限公司 (Fujian Changfeng Machinery Group Limited Company\*) (an indirect wholly-owned subsidiary of the Company) as vendor (the “**Vendor**”) and Zhao Yibo (趙憶博) as purchaser (the “**Purchaser**”), a copy of which has been produced to the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the shares representing the entire equity interest of 開封暢豐車橋有限公司 (Kaifeng Changfeng Axle Co., Limited\*) (the “**Target Company**”) and (ii) the shareholder’s loan advanced by the Vendor to the Target Company in the amount of RMB355,685,000, at a total cash consideration of RMB4,000, and all transactions contemplated thereunder, be and is hereby approved, confirmed and ratified;
- (b) any one director of the Company be and is hereby authorised to do all such further acts and things and to sign and execute all such documents and to take all such steps which in his opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to the SPA and the transactions contemplated thereunder.”

By Order of the Board  
**Fortunet e-Commerce Group Limited**  
**Mr. Cheng Jerome**  
*Chairman*

Hong Kong, 30 March 2016

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (1) Any member of the Company entitled to attend and vote at the above meeting by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any share of the Company, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (3) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [about.ccigmall.com](http://about.ccigmall.com).

*As at the date of this notice, the executive directors of the Company are Mr. Cheng Jerome and Mr. Yuan Weitao; the non-executive Directors of the Company are Mr. Feng Xiaohui and Mrs. Guo Yan; and the independent non-executive Directors of the Company are Mr. Wong Chi Keung, Mr. Liu Erhfei and Mr. Chan Chi Keung Alan.*

*Website:* [about.ccigmall.com](http://about.ccigmall.com)

*\* For identification purposes only*