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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)

CONNECTED TRANSACTION – THE LOAN AGREEMENT

THE LOAN AGREEMENT

On 27 November 2015, Fujian Changfeng (a wholly-owned subsidiary of the Company) and Beijing Shiji Xingaxian (a non-wholly owned subsidiary of the Company) entered into the Loan Agreement pursuant to which Beijing Shiji Xingaxian agreed to advance a loan in the principal amount of not more than RMB49 million (equivalent to approximately HK\$59.4 million) to Fujian Changfeng.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Century Network is owned as to 51% by the Company and as to 49% by Century East Network Limited. Century East Network Limited is owned as to 69% by Century Investment (Holding) Limited, which is a substantial shareholder of the Company. Century Network, and Beijing Shiji Xingaxian, which is a wholly-owned subsidiary of Century Network, are therefore connected persons of the Company under Rule 14A.16 of the Listing Rules and the advancement of the Loan from Beijing Shiji Xingaxian to Fujian Changfeng will constitute financial assistance to Fujian Changfeng under Rule 14A.24(4) of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios for the advancement of the Loan are more than 0.1% and all of such ratios are less than 5%, the advancement of the Loan is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Loan Agreement are as follows:

Date: 27 November 2015

Parties: (i) Fujian Changfeng, as borrower; and
(ii) Beijing Shiji Xinganxian, as lender

As at the date of this announcement, Century Network is owned as to 51% by the Company and as to 49% by Century East Network Limited. Century East Network Limited is owned as to 69% by Century Investment (Holding) Limited, which is a substantial shareholder of the Company. Century Network, and Beijing Shiji Xinganxian, which is a wholly-owned subsidiary of Century Network, are therefore connected persons of the Company under Rule 14A.16 of the Listing Rules.

Loan amount: not more than RMB\$49 million (equivalent to approximately HK\$59.4 million)

Loan purpose: for general working capital of Fujian Changfeng and its subsidiaries

Drawdown: Fujian Changfeng may draw the Loan in a single amount or in multiple amounts

Interest rate: 10.8% per annum

Maturity date: one year from the drawdown date. Fujian Changfeng shall repay the Loan and the interest accrued thereon within 30 days of the maturity date

Voluntary repayment: Fujian Changfeng may prior to the maturity date repay the Loan (and/or the interest accrued thereon) by giving Beijing Shiji Xinganxian seven business days' notice in writing

The Loan is intended to be funded by the internal resources of Beijing Shiji Xinganxian.

The terms of the Loan Agreement (including the interest rate) have been arrived at by Fujian Changfeng and Beijing Shiji Xinganxian after arm's length negotiation, having regard to prevailing market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE LOAN AGREEMENT

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 providers 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. Since the first quarter of 2015, the Group, through the Company's acquisition of 51% equity interest in Century Network on 25 March 2015, is also engaged in electronic commerce business through a cross-border business-to-business electronic distribution platform and in sourcing, importing and channeling authentic goods from suppliers abroad and then distributing and reselling such goods to domestic retailers in the PRC.

Fujian Changfeng is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. Fujian Changfeng and its subsidiaries are principally engaged in the manufacturing and selling of axles and related components in the PRC.

Beijing Shiji Xinganxian is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Century Network, which is currently owned as to 51% by the Company. Century Network is part of a corporate group which started their electronic commerce business in May 2013 through the establishment of a cross-border business-to-business electronic distribution platform, CCIGMALL.com. It is also engaged in sourcing, importing and channeling authentic goods from suppliers abroad, and then distributing and reselling such goods to domestic retailers in the PRC.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT

The terms of the Loan Agreement, including the applicable interest rate, were agreed by Fujian Changfeng and Beijing Shiji Xinganxian after arm's length negotiations having taken into account prevailing market conditions. The Loan is intended to be a short-term intra-group financing arrangement amongst the members of the Group to support the working capital needs and business operations of Fujian Changfeng and its subsidiaries. The Directors consider that the advancement of the Loan by Beijing Shiji Xinganxian to Fujian Changfeng will be a better reallocation of the internal resources within the Group.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Century Network is owned as to 51% by the Company and as to 49% by Century East Network Limited. Century East Network Limited is owned as to 69% by Century Investment (Holding) Limited, which is a substantial shareholder of the Company. Century Network, and Beijing Shiji Xinganxian, which is a wholly-owned subsidiary of Century Network, are therefore connected persons of the Company under Rule 14A.16 of the Listing Rules and the advancement of the Loan from Beijing Shiji Xinganxian to Fujian Changfeng will constitute financial assistance to Fujian Changfeng under Rule 14A.24(4) of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios for the advancement of the Loan are more than 0.1% and all of such ratios are less than 5%, the advancement of the Loan is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors had a material interest in the Loan Agreement and accordingly, none of them was required to abstain from voting in the board resolutions for considering and approving the Loan Agreement.

DEFINITIONS

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

“Beijing Shiji Xinganxian”	北京世紀新幹綫網絡技術有限公司 (Beijing Shiji Xinganxian Wanglu Jishu Company Limited*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Board”	the board of Directors
“Century Network”	Century Network Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Fujian Changfeng”	福建暢豐機械集團有限公司 (Fujian Changfeng Jixie Jituan Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of not more than RMB49 million (equivalent to approximately HK\$59.4 million) to be advanced by Beijing Shiji Xinganxian to Fujian Changfeng on the terms set out in the Loan Agreement, details of which are set out in the section headed “Loan Agreement” in this announcement
“Loan Agreement”	the loan agreement entered into between Fujian Changfeng as borrower and Beijing Shiji Xinganxian as lender for the Loan dated 27 November 2015
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (Republic of China) for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) of the Company with a par value of US\$0.01 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any undertaking in relation to which another undertaking is its parent undertaking under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

The figures in RMB are converted into HK\$ at the rate of RMB1: HK\$0.8251 throughout this announcement for indicative purpose only.

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

Hong Kong, 27 November 2015

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Jerome and Mr. Yuan Weitao; the non-executive directors of the Company are Ms. Dong Ying, Dorothy, 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.

* *For identification purpose only*