

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or a solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.*



## **E-RENTAL CAR COMPANY LIMITED**

### **宜租互聯網租車有限公司**

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

**(Stock Code: 1822)**

## **PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

### **PROPOSED ISSUE OF 2018 CONVERTIBLE BONDS AND 2019 CONVERTIBLE BONDS**

The Company announces that on 3 May 2016, the Company entered into the Subscription Agreement with the Subscriber, under which the Subscriber has conditionally agreed to subscribe and pay for (i) the 2018 Convertible Bonds to be issued by the Company in an aggregate principal amount of HK\$100,000,000, and (ii) the 2019 Convertible Bonds to be issued by the Company in an aggregate principal amount of HK\$100,000,000. The Convertible Bonds are convertible in the circumstances set out in the Terms and Conditions into ordinary shares of HK\$0.01 each in the issued share capital of the Company at an initial Conversion Price of HK\$0.35 per Share.

Assuming full conversion of the 2018 Convertible Bonds at the initial Conversion Price of HK\$0.35 per Share, the 2018 Convertible Bonds will be convertible into 285,714,285 Shares, representing approximately 4.41% of the issued share capital of the Company as at the date of this announcement and approximately 4.22% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Assuming full conversion of the 2019 Convertible Bonds only at the initial Conversion Price of HK\$0.35 per Share, the 2019 Convertible Bonds will be convertible into 285,714,285 Shares, representing approximately 4.41% of the issued share capital of the Company as at the date of this announcement and approximately 4.22% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Assuming full conversion of both the 2018 Convertible Bonds and the 2019 Convertible Bonds at the initial Conversion Price of HK\$0.35 per Share, the Convertible Bonds will be convertible into 571,428,571 Shares, representing approximately 8.82% of the issued share capital of the Company as at the date of this announcement and approximately 8.10% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares to be issued upon conversion of the Convertible Bonds will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds.

### **LISTING RULES IMPLICATIONS**

The Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate. The issue of the Convertible Bonds is not subject to the approval of the Shareholders.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential Subscribers are advised to exercise caution when dealing in the Shares.**

## **PROPOSED ISSUE OF THE CONVERTIBLE BONDS**

### **The Subscription Agreement**

***Date:***

3 May 2016

***Parties:***

1. The Company; and
2. the Subscriber, Shanghai Xinhua Publishment Group Co., Ltd. and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules) of the Company.

***Subscription:***

Subject to the fulfillment of the conditions set out below in the section headed “Conditions precedent”, the Subscriber has agreed to subscribe and pay for, and the Company has agreed to allot and issue, the 2018 Convertible Bonds and the 2019 Convertible Bonds on the Completion Date in an aggregate principal amount of HK\$100,000,000 and HK\$100,000,000, respectively, representing an aggregate principal amount of HK\$200,000,000 and the said amount shall be satisfied in cash.

***Conditions precedent:***

The obligations of the Subscriber to subscribe and pay for, and the obligations of the Company to issue the Convertible Bonds are subject to the fulfillment, prior to or simultaneously at Completion of the following conditions precedent to the satisfaction of the Subscriber:

- (i) the Subscription Agreement, the Convertible Bonds and the Deed of Guarantee shall have been duly executed and delivered;
- (ii) if applicable, the listing committee of the Hong Kong Stock Exchange having granted approval for the listing of, and permission to deal in, the Conversion Shares;
- (iii) if applicable, clearances, consents, authorizations and (if applicable) waivers to the Company as may be required by the applicable laws of Hong Kong for the transactions contemplated under the Subscription Agreement, and in case if any such approvals, clearances, consents, authorizations are subject to any conditions, all such conditions shall have been fulfilled or waived;
- (iv) the warranties and representations given or made by the Company under the Subscription Agreement remaining true and accurate in all material respects on the Completion Date.

If the conditions precedent have not been fulfilled or waived by 5:00 p.m. (Hong Kong time) on the day falling on the expiry of one (1) month immediately following the date of execution of the Subscription Agreement (or such later date as the parties may agree in writing), the Subscription Agreement shall automatically terminate and none of the parties to the Subscription Agreement shall have any claim of any nature or liabilities hereunder whatsoever against any of the other parties under the Subscription Agreement (save for any antecedent breaches of the terms hereof).

If the Company fails to deliver the Deed of Guarantee at the Completion, the Subscription Agreement shall automatically terminate and none of the parties to the Subscription Agreement shall have any claim of any nature or liabilities hereunder whatsoever against any of the other parties under the Subscription Agreement, save for:

- (i) any breach of the Subscription Agreement by the Company;
- (ii) any antecedent breaches of the terms hereof; and

- (iii) the Company shall bear all reasonable out of pocket costs and expenses incurred by the Subscriber in connection with the Subscription Agreement and the transactions hereunder.

As at the date of this announcement, all the above conditions precedent to the completion of the Subscription Agreement were yet to be satisfied and/or (as the case may be) waived.

It is the intention of the Company to satisfy or procure the satisfaction of the above conditions precedent to completion of the Subscription Agreement as soon as practicable.

***Completion:***

Completion of the Subscription Agreement shall take place on the tenth Business Day after the fulfilment of the conditions precedent or such other date as the Company and the Subscriber may agree in writing. At Completion, the Company shall issue the Convertible Bonds to the Subscriber and the Subscriber shall pay to the Company the aggregate principal amount of HK\$200,000,000 in cash.

**The Guarantee**

Pursuant to the Subscription Agreement, the Guarantor shall execute and deliver the Deed of Guarantee upon Completion under which the Guarantor irrevocably, absolutely and unconditionally:

- (i) as principal obligor guarantees to the Subscriber the due and punctual performance and observance by the Issuer of all of the Guaranteed Liabilities;
- (ii) undertakes with the Subscriber that whenever the Issuer does not pay any amounts due and payable under or in connection with the Finance Documents, the Guarantor shall immediately on demand by the Subscriber pay that amount as if the Guarantor instead of the Issuer were expressed to be the principal obligor; and
- (iii) agrees with the Subscriber that if any obligation guaranteed by it under the Deed of Guarantee is or becomes unenforceable, invalid or illegal he will, as an independent and primary obligation and as principal debtor and primary obligor, to indemnify the Subscriber immediately against any cost, loss or liability the Subscriber incurs as a result of the Issuer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by the Issuer under any Finance Document on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount he would have had to pay under the Deed of Guarantee if the amount claimed had been recoverable on the basis of a guarantee.

The granting of the guarantee in favour of the Subscriber constitutes a financial assistance given by the Guarantor for the benefit of the Group under the Listing Rules. Under the Listing Rules, the Guarantor is a substantial shareholder of the Company and, thus, a connected person of the Company. Therefore, the proposed financial assistance constitutes a connected transaction for the Company under the Listing Rules. The Company will pay no fee nor provide any security to the Guarantor for the aforesaid guarantee. Accordingly, the financial assistance is fully exempt from Shareholders' approval, annual review and all disclosure requirements under the Listing Rules. The Company considers that the financial assistance to be provided by the Guarantor is on better than normal commercial terms.

## PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised as follows (unless otherwise indicated, the principal terms of the 2018 Convertible Bonds and the 2019 Convertible Bonds are identical):

Issuer:	the Company
Holder:	Topsource International Holding Co., Limited
Guarantor:	Sino Merchant Car Rental Limited
Principal amount:	An aggregate of HK\$200,000,000 of Convertible Bonds are to be issued, comprising:  (a) the 2018 Convertible Bonds in an aggregate principal amount of HK\$100,000,000; and  (b) the 2019 Convertible Bonds in an aggregate principal amount of HK\$100,000,000
Issue price	100% of the principal amount of the Convertible Bonds
Maturity Date:	Unless redeemed early, the 2nd anniversary of the Issue Date for the 2018 Convertible Bonds and the 3rd anniversary of the Issue Date for the 2019 Convertible Bonds
Interest:	The Convertible Bonds shall bear interest rate of 5% per annum on the principal amount of the Convertible Bonds, commencing from (and including) the Issue Date and ending on the respective Maturity Date payable in arrears on 30 June and 31 December in each year
Form and denomination:	the Convertible Bonds are each issued in registered form in a single denomination of HK\$100,000,000
Conversion period:	At any time after the fortieth day from the Issue Date and up to the tenth day prior to the relevant Maturity Date
Conversion price:	The initial Conversion Price is HK\$0.35 per Conversion Share subject to adjustment in the manner provided in the Terms and Conditions.

The initial Conversion Price represents:

- (a) a premium of approximately 16.67% over the Closing Price of HK\$0.30 per Share as quoted on the Hong Kong Stock Exchange on the last Trading Day;
- (b) a premium of approximately 14.01% over the average Closing Price of HK\$0.307 per Share as quoted on the Hong Kong Stock Exchange for the last five (5) consecutive trading days up to and including the last Trading Day; and
- (c) a premium of approximately 9.03% over the average Closing Price of HK\$0.321 per Share as quoted on the Hong Kong Stock Exchange for the last ten (10) consecutive trading days up to and including the last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares.

The Directors (including the independent non-executive Directors) are of the opinion that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustments to  
Conversion Price:

The Conversion Price will be subject to adjustment for, among other things, any:

- (a) capitalisation issue, sub-division, consolidation and reclassification of Shares;
- (b) scrip dividend;
- (c) capital distribution;
- (d) cash dividend;
- (e) shares, rights, share-related securities issued to Shareholders;
- (f) issue of new Shares for securities convertible or exchangeable in Shares at a discount;
- (g) issue of new Shares at a discount;
- (h) consideration issue;

- (i) amendment of terms of rights or Share-related securities; and
- (j) other events or circumstances not mentioned in paragraphs (a) to (i) above which the Issuer or the Holder, may determine that an adjustment should be made to the Conversion Price

The Directors are aware that the General Mandate will be partially utilised upon completion of the Subscription Agreement. The General Mandate may be insufficient to satisfy any issuance of additional Conversion Shares (if any) as a result of any adjustment in the number of Conversion Shares arising from any of the adjustment events in accordance with the terms and conditions of the Convertible Bonds.

While there may be a change in the number of Conversion Shares if any of the adjustment events set out above is triggered, the Company has mechanisms in place in ensuring that the number of Conversion Shares would not exceed the number allowed under the General Mandate upon occurrence of the adjustment events.

Transferability:

The Convertible Bonds may be assigned or transferred in whole (but not part only) to any third party which is not a connected person of the Issuer within the meaning of the Listing Rules (save that the Bonds may be assigned or transferred in whole (but not part only) to a connected person when the Issuer has given its written consent and in compliance with applicable laws and regulations), subject to the compliance with (i) the Terms and Conditions; (ii) the Listing Rules; (iii) the approval for listing in respect of the Conversion Shares; and (iv) all applicable laws and regulations

Conversion Shares:

each of the Conversion Shares to be issued upon conversion of the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds will

- (a) rank pari passu and carry the same rights and privileges in all respects with all other existing Shares outstanding as at the Share Issue Date (as defined in the Terms and Conditions);
- (b) be entitled to all dividends and other distributions, the record date of which falls on a date on or after the Share Issue Date; and
- (c) be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to calls for further funds;

- Redemption on Maturity Date: Unless previously converted, or redeemed in accordance with the terms and conditions of the Convertible Bonds, the Issuer will redeem the Convertible Bonds on the Maturity Date by paying the Holder all outstanding principal amount and accrued interest and the Additional Amount.
- Redemption at option of the Issuer: The Issuer shall have the right to:
- (a) Clean-up Call: on giving notice to the Holder at any time prior to the Maturity Date, redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with accrued and unpaid interest and the Additional Amount to the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled; and
  - (b) Redemption for Tax reasons: on giving notice (a “Tax Redemption Notice”) to the Holder redeem in whole, but not in part, the Convertible Bonds at their outstanding principal amount together with accrued and unpaid interest and the Additional Amount to the tax redemption date if (A) the Issuer has or will become obliged to pay additional tax amounts as provided or referred to in the Convertible Bonds as a result of any change in, or amendment to, the laws or regulations of any relevant tax jurisdiction, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 30 days prior to the earliest date on which the Issuer would be obliged to pay such additional tax amounts were a payment in respect of the Convertible Bonds then due.
- Redemption at option of the Holder: If any of the following events occurs, the Holder shall have the right, but not the obligation, to require the Issuer to redeem the whole of the Bonds held by it prior to the Maturity Date at a redemption price equal to the principal amount of the Bonds together with accrued and unpaid Interest and the Additional Amount:
- (a) if the Shares are not listed or admitted to trading on the Hong Kong Stock Exchange; or
  - (b) upon occurrence of an event of default set out under the COAMC Pledge Agreement and the SYSL Pledge Agreement, and China Orient Asset Management Corporation or Shengyuan Securities Limited delivers a notice of default to Sino Merchant Car Rental Limited, or either of them exercises their respective right to enforce the pledge under the above-mentioned pledge agreements; or
  - (c) if a Change of Control occurs.

Events of Default:	The Convertible Bonds will contain customary events of default provisions which provide that on the occurrence of certain specified events of default, the Holder may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with accrued interest and the Additional Amount.
Voting Rights:	Holder will not have any right to attend or vote at any meeting of the Company by virtue of them being Holder, until and unless they have converted their Convertible Bonds into Shares.
Listing:	No application will be made for the listing of the Convertible Bonds. An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds.
Status of the Convertible Bonds:	The Convertible Bonds will on issue constitute the direct, unsubordinated, unconditional and guaranteed general obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future secured and unsubordinated obligations.

## EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION OF THE CONVERTIBLE BONDS

For illustration purpose, the table below sets out the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price; assuming there being no other change in the issued share capital and shareholding structure of the Company since the date of this announcement and none of the other convertible notes has been exercised/converted:

Name of Shareholder	As at the date of this announcement		Assuming full conversion of the 2018 Convertible Bonds	
	<i>Number of Shares held</i>	<i>Approximate % of issued share capital of the Company</i>	<i>Number of Shares held</i>	<i>Approximate % of issued share capital of the Company</i>
Sino Merchant Car Rental Limited (Note 1)	3,499,233,889	53.99	3,499,233,889	51.71
Dundee Greentech Limited (Note 2)	789,500,000	12.18	789,500,000	11.67
Interest held by the Subscriber and its affiliates				
— Subscriber	—	—	285,714,285	4.22
Other Public Shareholders	<u>2,192,641,111</u>	<u>33.83</u>	<u>2,192,641,111</u>	<u>32.40</u>
Total	<u><b>6,481,375,000</b></u>	<u><b>100.00</b></u>	<u><b>6,767,089,285</b></u>	<u><b>100.00</b></u>

Notes:

- 1) These 3,499,233,889 Shares and the underlying Shares are registered in the name of Sino Merchant Car Rental Limited, the entire issued share capital of which is owned as to 60% by Ms. Deng Shufen (the chairman and an executive director of the Company) and 40% by Ms. Liu Jiangyuan (an executive director of the Company). Ms. Deng Shufen and Ms. Liu Jiangyuan are deemed to be interested in all the Shares and underlying Shares in which Sino Merchant Car Rental Limited is interested by virtue of the SFO. As Mr. Dai Yumin is the spouse of Ms. Deng Shufen, he is deemed to be interested in the Shares and the underlying Shares which Ms. Deng Shufen is deemed to be interested in for the purposes of the SFO.
- 2) These 789,500,000 Shares are registered in the name of Dundee Greentech Limited (a company incorporated in the British Virgin Islands), the entire issued share capital of which is held Mr. Liu Hailong.

Name of Shareholder	As at the date of this announcement		Assuming full conversion of the 2019 Convertible Bonds only	
	Number of Shares held	Approximate % of issued share capital of the Company	Number of Shares held	Approximate % of issued share capital of the Company
Sino Merchant Car Rental Limited (Note 1)	3,499,233,889	53.99	3,499,233,889	51.71
Dundee Greentech Limited (Note 2)	789,500,000	12.18	789,500,000	11.67
Interest held by the Subscriber and its affiliates				
— Subscriber	—	—	285,714,285	4.22
Other Public Shareholders	2,192,641,111.00	33.83	2,192,641,111	32.40
Total	<b>6,481,375,000</b>	<b>100.00</b>	<b>6,767,089,285</b>	<b>100.00</b>

Notes:

1. These 3,499,233,889 Shares and the underlying Shares are registered in the name of Sino Merchant Car Rental Limited, the entire issued share capital of which is owned as to 60% by Ms. Deng Shufen (the chairman and an executive director of the Company) and 40% by Ms. Liu Jiangyuan (an executive director of the Company). Ms. Deng Shufen and Ms. Liu Jiangyuan are deemed to be interested in all the Shares and underlying Shares in which Sino Merchant Car Rental Limited is interested by virtue of the SFO. As Mr. Dai Yumin is the spouse of Ms. Deng Shufen, he is deemed to be interested in the Shares and the underlying Shares which Ms. Deng Shufen is deemed to be interested in for the purposes of the SFO.
2. These 789,500,000 Shares are registered in the name of Dundee Greentech Limited (a company incorporated in the British Virgin Islands), the entire issued share capital of which is held Mr. Liu Hailong.

Name of Shareholder	As at the date of this announcement		Assuming full conversion of both the 2018 Convertible Bonds and the 2019 Convertible Bonds	
	Number of Shares held	Approximate % of issued share capital of the Company	Number of Shares held	Approximate % of issued share capital of the Company
Sino Merchant Car Rental Limited (Note 1)	3,499,233,889	53.99	3,499,233,889	49.61
Dundee Greentech Limited (Note 2)	789,500,000	12.18	789,500,000	11.19
Interest held by the Subscriber and its affiliates				
— Subscriber	—	—	571,428,571	8.10
Other Public Shareholders	2,192,641,111.00	33.83	2,192,641,111	31.09
Total	<b>6,481,375,000</b>	<b>100.00</b>	<b>7,052,803,571</b>	<b>100.00</b>

*Notes:*

1. These 3,499,233,889 Shares and the underlying Shares are registered in the name of Sino Merchant Car Rental Limited, the entire issued share capital of which is owned as to 60% by Ms. Deng Shufen (the chairman and an executive director of the Company) and 40% by Ms. Liu Jianguan (an executive director of the Company). Ms. Deng Shufen and Ms. Liu Jianguan are deemed to be interested in all the Shares and underlying Shares in which Sino Merchant Car Rental Limited is interested by virtue of the SFO. As Mr. Dai Yumin is the spouse of Ms. Deng Shufen, he is deemed to be interested in the Shares and the underlying Shares which Ms. Deng Shufen is deemed to be interested in for the purposes of the SFO.
2. These 789,500,000 Shares are registered in the name of Dundee Greentech Limited (a company incorporated in the British Virgin Islands), the entire issued share capital of which is held Mr. Liu Hailong.

## REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS

The Board considers that the issue of the Convertible Bonds represents an opportunity to raise additional funds for the Company and the subscription of the Convertible Bonds will strengthen the Group's financial position in line with its business strategies. The estimated net proceeds from the issue of the Convertible Bonds, after deduction of related expenses, are estimated to be approximately HK\$199,600,000. The net proceeds will be utilised by the Group as its general working capital and/or for the purpose of financing future acquisitions (if any). The Directors consider that the terms of the Subscription Agreement and the Convertible Bonds are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

### **The Group**

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange.

The current principal business activities of the Group are in car rental, electronic components and materials trading as well as financing services.

### **The Subscriber**

The Subscriber is an investment holding company incorporated in Hong Kong and a direct wholly-owned subsidiary of Shanghai Xinhua, which is principally engaged in investment, asset management, the publication of books and audio-visual products.

## **GENERAL MANDATE**

The issue of the Conversion Shares is not subject to Shareholders' approval.

The Conversion Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 26 June 2015, subject to the limit up to 1,116,275,000 Shares (representing 20% of the total issued shares of the Company on that date). Before the date of this announcement, the General Mandate has been utilized as to 500,000,000 Shares (or about 44.79% of the General Mandate) for the issue of new shares as announced on 10 July 2015. The issue of the Conversion Shares has further utilized approximately 51.19% of the General Mandate such that a total of 44,846,429 Shares will remain unissued under the General Mandate.

Based on the initial Conversion Price of HK\$0.35 per Conversion Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 571,428,571 Conversion Shares, representing approximately 8.82% of the issued share capital of the Company as at the date of this announcement and approximately 8.10% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

## FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has carried out the following equity fund raising activity in the 12 months period immediately before the date of this announcement:

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
2 July 2015	Exercise of Options by Sino Merchant	Approximately HK\$104 million	To improve working capital of the Group	Fully applied as intended
10 July 2015	Placing of new shares	Approximately HK\$148 million	(i) approximately HK\$135 million to further expand the trading of the electronic components/materials business; and (ii) approximately HK\$13 million as general working capital	Fully applied as intended

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential Subscribers are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

“2018 Convertible Bonds”	the 5% convertible bonds due 2018 in the aggregate principal amount of HK\$100,000,000 convertible into Shares;
“2019 Convertible Bonds”	the 5% convertible bonds due 2019 in the aggregate principal amount of HK\$100,000,000 convertible into Shares;
“Additional Amount”	with respect to the Convertible Bonds upon maturity, the remainder of (a) a gross yield (for the avoidance of doubt, inclusive of all interest accrued on or prior to the Maturity Date) of 12% per annum, calculated on the total principal amount thereof for the period from and including the Issue Date to the Maturity Date, on an annual compounding basis rounded (if necessary) to the nearest cent, with HK\$0.005 or more being rounded upwards and any other amount less than HK\$0.005 being rounded downwards (for the avoidance of doubt, whenever it is necessary to compute an amount in respect of the Additional Amount for a period of less than a year, such Additional Amount shall be calculated on the basis of the actual number of days in such period divided by 365), minus (b) all interest paid thereon on or prior to the Maturity Date;

“Board”	means the board of Directors;
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong;
“Change of Control”	(i) the largest shareholder (including without limitation any interests as he/she/it may be deemed to have in the ordinary share capital of the Issuer pursuant to Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) of the ordinary share capital of the Issuer as at the date of the Subscription Agreement ceases to be the largest shareholder as aforesaid; or (ii) with respect to the largest shareholder as aforesaid, the occurrence of an event which leads to an entity obtaining the Control of such shareholder and such entity did not have such control immediately prior to the occurrence of such event;
“Closing Price”	the closing price for the Shares published in the daily quotation sheet published by the Hong Kong Stock Exchange for such day;
“COAMC Share Pledge Agreement”	the share pledge related agreement entered into by Sino Merchant Car Rental Limited and the affiliate of China Orient Asset Management Corporation (中國東方資產管理公司), among others, on 9 February 2015;
“Company”	E-Rental Car Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange;
“Completion”	completion of the subscription of the Convertible Bonds in accordance with the Subscription Agreement;
“Completion Date”	17 May 2016, or such later date as the Company and the Subscriber may agree for completion of the subscription of the Convertible Bonds in accordance with the Subscription Agreement;
“connected person”	has the meaning ascribed to that term in the Listing Rules and “connected persons” shall be construed accordingly;
“Control”	<p>in respect of an entity controlling another entity, the first-mentioned entity directly or indirectly and either alone or acting together with other entities,</p> <p>(i) acquire the beneficial ownership or control of more than 50 per cent. of total issued shares of the second-mentioned entity which carries the Voting Rights; or</p> <p>(ii) the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the second-mentioned entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise, and</p> <p>for the purposes of this definition, “Voting Rights” means the right to vote at a general meeting of shareholders of an entity generally;</p>

“Conversion Date”	the conversion date in respect of the Convertible Bonds;
“Conversion Price”	the price at which the Shares will be issued upon conversion of the Convertible Bonds and the Conversion Price will initially be HK\$0.35 per Share, subject to adjustment as provided in the Terms and Conditions;
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds;
“Convertible Bonds”	the 2018 Convertible Bonds and the 2019 Convertible Bonds;
“Deed of Guarantee”	the deed to be entered into between the Guarantor and the Subscriber in a form to be agreed between the Company and the Subscriber in relation to the Convertible Bonds;
“Directors”	the directors of the Company;
“Finance Documents”	means the Subscription Agreement, the Convertible Bonds and the Deed of Guarantee and any other document(s) designated as such by the Company and the Subscriber;
“General Mandate”	The general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 June 2015, pursuant to which a maximum of 1,116,275,000 Shares might fall to be allotted and issued;
“Group”	the Company and its subsidiaries;
“Guaranteed Liabilities”	all moneys, obligations and liabilities owing or payable or expressed to be owing or payable by the Issuer to the Subscriber under or in connection with the Subscription Agreement, the Convertible Bonds or any other document(s) designated as such by the Company and the Subscriber;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Holder(s)”	holders of the Convertible Bonds from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Issue Date”	the day on which the Convertible Bonds are issued pursuant to the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;

“Maturity Date”	the 2nd anniversary of the Issue Date for the 2018 Convertible Bonds and the 3rd anniversary of the Issue Date for the 2019 Convertible Bonds;
“SFO”	the Securities and Futures Ordinance (Cap. 571);
“Shanghai Xinhua”	Shanghai Xinhua Publishment Group Co., Ltd. (上海新華發行集團有限公司), a company incorporated in the People’s Republic of China;
“Shareholders”	the holders of Shares;
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Subscriber”	Topsorce International Holding Co., Limited, a limited liability company incorporated under the laws of Hong Kong;
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on 3 May 2016 in relation to the proposed issue of the Convertible Bonds;
“substantial shareholder”	has the meaning ascribed to that term in the Listing Rules and “substantial shareholders” shall be construed accordingly;
“SYSL Share Pledge Agreement”	the share pledge related agreement entered into by Sino Merchant Car Rental Limited and the affiliate of Shengyuan Securities Limited (盛源證券有限公司), among others, on 9 June 2015;
“Terms and Conditions”	the terms and conditions governing the Convertible Bonds;
“Trading Day”	a day on which the Hong Kong Stock Exchange is open for dealing business;
“%”	per cent.

By order of the Board  
**E-Rental Car Company Limited**  
**Deng Shufen**  
*Chairman and Executive Director*

Hong Kong, 3 May 2016

*As at the date of this announcement, the Board comprises four executive directors, namely Ms. Deng Shufen (Chairman), Mr. Dai Yumin, Mr. Gui Bin and Ms. Liu Jiangyuan, one nonexecutive director, namely Mr. Ho Kin Cheong Kelvin, and three independent non-executive directors, namely Mr. Fang Jun, Mr. Wong Yiu Kit, Ernest and Mr. Zhao Xianming.*