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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

Placing Agent



PLACING OF NEW SHARES

On 7 July 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 500,000,000 Placing Shares to not less than six independent Places at a price of HK\$0.30 per Placing Share.

Assuming the maximum number of 500,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 8.36% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.71% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing save for the issue of such Placing Shares).

The Placing Price represents (i) a discount of approximately 9.09% to the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on 7 July 2015, being the date of the Placing Agreement; (ii) a discount of approximately 16.90% to the average closing price of HK\$0.361 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 July 2015; and (iii) a discount of approximately 20.84% to the average closing price of HK\$0.379 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 7 July 2015.

On the assumption that the maximum number of 500,000,000 Placing Shares are successfully placed, the maximum gross proceeds of the Placing will be approximately HK\$150,000,000 and the maximum net proceeds of the Placing (after deduction of relevant expenses in the estimate amount of approximately HK\$2,000,000) will amount to approximately HK\$148,000,000 which is intended to be used for the purposes as disclosed in the paragraph headed “Use of Net Proceeds” in this announcement below.

The Placing Shares will be allotted and issued under the General Mandate granted by the Shareholders at the AGM held on 26 June 2015.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 8 July 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 1:00 p.m. on 10 July 2015.

THE PLACING AGREEMENT

Date

7 July 2015 (after trading hours)

Issuer

The Company

Placing Agent

Sheng Yuan Securities Limited, as placing agent for the Company, has conditionally agreed to procure the Placees, on a best effort basis, to subscribe for up to 500,000,000 Placing Shares at the Placing Price of HK\$0.30 per Placing Share.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees and who and (where a corporation) whose ultimate beneficial owner(s), as far as the Placing Agent is aware, will not be connected persons of the Company and will be independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Number of the Placing Shares

A maximum of 500,000,000 Placing Shares, which represent (i) approximately 8.36% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing save for the issue of such Placing Shares).

The aggregate nominal value of the Placing Shares (with a par value of HK\$0.01 each) under the Placing will be HK\$5,000,000.

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of completion of the Placing.

Placing Price

The Placing Price of HK\$0.30 per Placing Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on 7 July 2015, being the date of the Placing Agreement; and
- (ii) a discount of approximately 16.90% to the average closing price of HK\$0.361 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 July 2015;
- (iii) a discount of approximately 20.84% to the average closing price of HK\$0.379 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 7 July 2015; and

- (iv) a premium of approximately 305.41% over the audited consolidated net asset value as at 31 December 2014 per Share attributable to the Shareholders of approximately HK\$0.074.

The Placing Price of HK\$0.30 per Placing Share was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market condition and the prevailing market price of the Shares. The Directors consider the Placing Price to be fair and reasonable.

Placing commission

The Placing Agent shall receive a placing commission of 0.8% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

The placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market rate and after taking into account the size of the Placing and the time allowed for the Placing Agent to procure the prospective Placees. Accordingly, the Directors are of the view that such placing commission is fair and reasonable.

Use of net proceeds

The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$148 million, representing a net issue price of approximately HK\$0.296 per Placing Share. The Directors intends to apply the net proceeds of the Placing in the following manner:

- (a) as to approximately HK\$135 million to further expand the trading of the electronic components/materials business; and
- (b) as to approximately HK\$13 million as general working capital of the Group.

The Directors consider that the terms of the Placing and the Placing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

General Mandate

The issue of the Placing Shares is not subject to Shareholder's approval.

The Placing Shares will be issued under the General Mandate granted to the Directors by resolutions of all Shareholders at the AGM held on 26 June 2015, subject to the limit of 1,116,275,000 Shares (being 20% of the issued share capital of the Company as at the date of passing the resolutions of the AGM). The 500,000,000 Placing Shares to be allotted and issued will utilise approximately 44.79% of the General Mandate.

As at the date hereof, the General Mandate has not been previously utilised prior to the date of this announcement.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee granting to the Company the listing of, and permission to deal in, the Placing Shares; and
- (ii) all necessary consents, approvals, authorisations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement, if applicable.

In the event of the conditions referred to above not having been fulfilled before 30 days from the date of the Placing Agreement (or such later date as may be agreed by the Company and the Placing Agent), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties to the Placing Agreement shall have any claim against any other in relation to the Placing.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing shall take place at or before 4:00 p.m. on the Placing Completion Date, which will be a day falling within three (3) Business Days after the date on which the last condition precedent as set out in the Placing Agreement shall have been fulfilled or such other date as may be agreed between the Placing Agent and the Company.

Termination

If at any time prior to 9:30 a.m. on the Placing Completion Date,

- (i) there develops, occurs or comes into force:
 - a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions;
or

- b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - c) any change in conditions of local, national or international securities markets occurs; or
 - d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - f) any litigation or claim being instigated against any member of the Group which would have a material adverse effect on the Group; or
 - g) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days; or
- (ii) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (iii) there is any change in the financial or business or trading position of the Company,

the Placing Agent may after consultation with the Company terminate the Placing Agreement by notice in writing to the Company without any liability to the Company.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING

The Board is of the view that the Placing represents a good opportunity for the Company to broaden the Shareholders base and to raise additional capital for the Group for its business expansion without any interest burden and within a relatively shorter time frame and at lower costs when compared with other means of fund raising.

The Directors consider that the terms of the Placing (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not undertaken any fund raising activities on any issue of equity securities in the past twelve months before the date of this announcement:

Date of the announcement	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds as at the Latest Practicable Date
8 May 2014	Subscription of Shares completed on 9 July 2014 (details of which are set out in the circular of the Company dated 16 June 2014)	Approximately HK\$98.5 million	(i) to explore new business opportunities for the Group; and (ii) to improve the working capital of the Group	100% of net proceeds has been used as intended
15 September 2014	Placing of new Shares completed on 20 November 2014 (details of which are set out in the circular of the Company dated 22 October 2014)	Approximately HK\$172.5 million	(i) approximately HK\$90 million to invest in car rental business; (ii) approximately HK\$80 million to expand the Group's trading business; and (iii) remaining portion and to the extent that the net proceeds available are not applied for acquisition and/or investment purposes, to be used for the Group's trading business and/or general working capital	100% of net proceeds has been used as intended

Date of the announcement	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds as at the Latest Practicable Date
26 March 2015	Placing of new Shares with grant of Options completed on 15 June 2015 (details of which are set out in the circular of the Company dated 28 April 2015)	Approximately HK\$385 million	(i) approximately HK\$250.25 million to expand the car rental business; (ii) approximately HK\$96.25 million to expand the trading of electronic components/materials business; and (iii) approximately HK\$38.50 million for general working capital	(i) approximately HK\$96.25 million was applied by the Group to expand the trading of electronic components/materials business; (ii) the remaining portion will be used as intended
2 July 2015	Exercise of options granted on 15 June 2015 by Sino Merchant (details of which are set out in the announcement of the Company dated 2 July 2015)	Approximately HK\$104 million	to improve the general working capital of the Group	will be used as intended

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, on the assumption that (a) a maximum number of 500,000,000 Placing Shares will be subscribed for under the Placing; (b) there will be no other changes to the issued share capital of the Company between the date of this announcement and completion of the Placing; and (c) the Placees do not and will not hold any Shares (other than the Placing Shares), is as follows:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Sino Merchant (<i>Note 1</i>)	3,371,973,889	56.37	3,371,973,889	52.03
Dundee Greentech Limited (<i>Note 2</i>)	789,500,000	13.20	789,500,000	12.18
Public Shareholders:				
— Placees (<i>Note 3</i>)	—	—	500,000,000	7.71
— Others	1,819,901,111	30.43	1,819,901,111	28.08
Total	5,981,375,000	100.00	6,481,375,000	100.00

Note(s):

1. Sino Merchant is a company incorporated in the British Virgin Islands and its issued share capital is owned as to 60% by Ms. Deng Shufen, the chairman and executive Director of the Company, 20% by Ms. Liu Jianguan and 20% by Mr. Gui Bin, both being executive Directors of the Company. Ms. Deng Shufen is deemed, or taken to be, interested in all of the Shares in which Sino Merchant is interested by virtue of Part XV of the SFO. As Mr. Dai Yumin (an executive Director of the Company) is the spouse of Ms. Deng Shufen, he is deemed, or taken to be, interested in the Shares which Ms. Deng Shufen is deemed, or taken to be interested in, for the purposes of Part XV of the SFO.
2. Dundee Greentech Limited is a company incorporated in the British Virgin Islands and its issued share capital is 100% owned by Mr. Liu Hailong, a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).
3. The Placees and (where a corporation) their respective ultimate beneficial owner(s) are, as far as the Placing Agent is aware, will not be connected persons of the Company and will be independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). None of them will become a substantial Shareholder immediately after completion of the Placing.

GENERAL INFORMATION

The Company is an investment holding company. The Group's existing business is primarily involved in the provision for car rental services; the trading of electronic components/materials; and the research, design, development and sale of digital signal processing ("DSP") based consumer electronic devices/platforms, including embedded firmware, and the provision of solutions/services to customers for their DSP-based consumer electronic devices/platforms.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 8 July 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 1:00 p.m. on 10 July 2015.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

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|---------|--|
| "AGM" | the annual general meeting of the Company held on 26 June 2015 |
| "Board" | the board of Directors |

“Business Day”	a day (other than Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the licensed banks in Hong Kong are generally open for business
“Company”	E-Rental Car Company Limited (宜租互聯網租車有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with additional Shares not exceeding 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the grant of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Placee(s)”	any person(s) or entity(ies) whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 500,000,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Sheng Yuan Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	a conditional placing agreement dated 7 July 2015 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date”	the date on which completion of the Placing takes place, which will be a day falling within three (3) Business Days after the date on which the last condition precedent as set out in the Placing Agreement shall have been fulfilled or such other day as may be agreed between the Placing Agreement and the Company

“Placing Price”	HK\$0.30 per Placing Share
“Placing Shares”	a maximum of 500,000,000 new Shares to be placed under the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Sino Merchant”	Sino Merchant Car Rental Limited (華商租車有限公司), an investment holding company incorporated in the British Virgin Islands on 2 January 2008 with limited liability and held by Ms. Deng Shufen, Ms. Liu Jiangyuan and Mr. Gui Bin as to 60%, 20% and 20% respectively, and a controlling Shareholder of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 10 July 2015

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

Executive Directors:

Ms Deng Shufen (*Chairman*)

Mr Dai Yumin

Ms Liu Jiangyuan

Mr Gui Bin

Independent non-executive Directors:

Mr Fang Jun

Mr Zhao Xianming

Mr Wong Yiu Kit, Ernest