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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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

### **FINANCIAL HIGHLIGHTS**

- The Group recorded a turnover of approximately HK\$275.3 million (2014: HK\$222.3 million) for the year ended 31 December 2015.
- The Group's net loss attributable to owners of the parent for the year ended 31 December 2015 amounted to approximately HK\$7.6 million (2014: HK\$49.6 million).
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil).

### **ANNUAL RESULTS**

The board of directors (the “**Board**”) of E-Rental Car Company Limited (the “**Company**”) presents the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2015 (the “**Year**”) together with the comparative figures for the corresponding period in 2014.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 HK\$	2014 HK\$
<b>REVENUE</b>	5	<b>275,308,719</b>	222,255,924
Cost of sales		<u>(251,468,283)</u>	<u>(205,345,437)</u>
Gross profit		<b>23,840,436</b>	16,910,487
Other income and gains	5	<b>29,843,171</b>	8,008,214
Research and development costs		<b>(1,507,783)</b>	(2,618,224)
Selling and distribution expenses		<b>(6,526,902)</b>	(14,613,513)
General and administrative expenses		<b>(39,680,435)</b>	(25,413,974)
Other expenses, net		<b>(929,141)</b>	(26,033,043)
Finance costs	6	<b>(1,900,535)</b>	(118,608)
Share of loss of a joint venture		<u>(7,854,777)</u>	<u>(2,154,466)</u>
<b>LOSS BEFORE TAX</b>	7	<b>(4,715,966)</b>	(46,033,127)
Income tax expense	8	<u>(2,862,369)</u>	<u>(3,551,925)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(7,578,335)</b></u>	<u>(49,585,052)</u>
Attributable to:			
Owners of the parent		<u><b>(7,578,335)</b></u>	<u>(49,585,052)</u>
			<i>(Restated)</i>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted		<u><b>HK(0.14) cent</b></u>	<u>HK(1.56) cent</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 HK\$	2014 HK\$
<b>LOSS FOR THE YEAR</b>	<b><u>(7,578,335)</u></b>	<b><u>(49,585,052)</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Items that may be subsequently reclassified to profit or loss:		
Available-for-sale investment		
Change in fair value	1,187,400	—
Income tax effect	<u>(118,740)</u>	<u>—</u>
	1,068,660	—
Exchange differences on translation of foreign operations	(282,671)	80,397
Release of exchange reserve upon disposal of subsidiaries	<u>(2,797,029)</u>	<u>—</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<u>(2,011,040)</u>	<u>80,397</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b><u>(2,011,040)</u></b>	<b><u>80,397</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>(9,589,375)</u></b>	<b><u>(49,504,655)</u></b>
Attributable to:		
Owners of the parent	<u>(9,589,375)</u>	<u>(49,504,655)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	<i>Notes</i>	<b>2015 HK\$</b>	2014 HK\$ <i>(Restated)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>37,870,159</b>	35,659,030
Goodwill		<b>26,210,338</b>	26,210,338
Intangible assets		<b>68,670,000</b>	68,670,000
Interest in a joint venture		<b>10,163,742</b>	7,845,534
Deferred development costs		—	2,498,264
Long term deposits		<b>3,095,346</b>	6,166,396
Available-for-sale investment	<i>10</i>	<b>39,987,400</b>	—
Total non-current assets		<b>185,996,985</b>	147,049,562
<b>CURRENT ASSETS</b>			
Inventories		<b>1,293,115</b>	2,479,162
Trade receivables	<i>11</i>	<b>250,161,834</b>	212,973,874
Loan receivables	<i>12</i>	<b>111,835,710</b>	—
Prepayments, deposits and other receivables	<i>13</i>	<b>460,929,350</b>	79,312,367
Amount due from a joint venture		—	5,842,767
Available-for-sale investment	<i>10</i>	—	1,260,000
Tax recoverable		<b>206,638</b>	—
Pledged bank deposit		<b>18,794,078</b>	—
Cash and cash equivalents		<b>5,050,455</b>	8,090,982
Total current assets		<b>848,271,180</b>	309,959,152
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>34,305,597</b>	34,801,378
Other payables and accruals		<b>15,583,694</b>	86,048,115
Interest-bearing bank and other borrowings		<b>26,109,159</b>	8,386,341
Tax payable		<b>4,403,273</b>	2,609,609
Total current liabilities		<b>80,401,723</b>	131,845,443
<b>NET CURRENT ASSETS</b>		<b>767,869,457</b>	178,113,709
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>953,866,442</b>	325,163,271
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing other borrowings		<b>5,404,574</b>	5,311,104
Deferred tax liabilities		<b>17,594,788</b>	17,911,028
Total non-current liabilities		<b>22,999,362</b>	23,222,132
Net assets		<b>930,867,080</b>	301,941,139
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	<i>15</i>	<b>64,813,750</b>	40,813,750
Reserves		<b>866,053,330</b>	261,127,389
Total equity		<b>930,867,080</b>	301,941,139

## **NOTES:**

### **1. CORPORATE AND GROUP INFORMATION**

E-Rental Car Company Limited (formerly known as Perception Digital Holdings Limited) (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Suites 3101-3105, 31/F, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) was primarily involved in the provision of car rental services; the trading of electronic components/materials; the research, design, development and sale of digital signal processing (“**DSP**”) based consumer electronic devices/platforms, including embedded firmware, the provision of solutions/services to customers for their DSP-based consumer electronic devices/platforms and financing services.

### **2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investment which has been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”).

### 3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 (2011) Annual Improvements Project	<i>Defined Benefit Plans: Employee Contributions</i>
Annual Improvements Project	<i>Annual Improvements to HKFRSs 2010-2012 Cycle</i>
Annual Improvements Project	<i>Annual Improvements to HKFRSs 2011-2013 Cycle</i>

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

### 3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment Entities: Applying the Consolidation Exception<sup>1</sup></i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations<sup>1</sup></i> <i>Regulatory Deferral Accounts<sup>3</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>2</sup></i>
Amendments to HKAS 1	<i>Disclosure Initiative<sup>1</sup></i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation<sup>1</sup></i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants<sup>1</sup></i>
Amendments to HKAS 27	<i>Equity Method in Separate Financial Statements<sup>1</sup></i>
Annual Improvements Project	<i>Annual Improvements 2012-2014 Cycle<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Car rental segment — primarily engages in the provision of car rental services;
- (b) Electronic components/materials segment — primarily engages in the trading of electronic components/materials;
- (c) Consumer electronic devices/platforms and related solutions/services segment — primarily engages in the research, design, development and sale of 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; and
- (d) Financing services segment — primarily engages in money lending business through provision of loans.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that unallocated interest income, unallocated other income and gains, unallocated depreciation, unallocated finance costs as well as corporate and other unallocated expenses, and share of loss of a joint venture are excluded from such measurement.

Segment assets exclude tax recoverable and cash and cash equivalents, an unlisted available-for-sale debt investment and other unallocated head office and corporate assets as these assets are managed on a group basis, as well as interest in a joint venture.

Segment liabilities exclude certain tax payable and deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Car rental		Electronic components/materials		Consumer electronic devices/platforms and related solutions/services		Financing services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Segment revenue:</b>										
Sales of goods	—	—	240,375,762	193,475,798	1,746,401	11,590,373	—	—	242,122,163	205,066,171
Rendering of services	—	—	—	—	2,341,782	16,525,272	—	—	2,341,782	16,525,272
Car rental income	24,612,269	664,481	—	—	—	—	—	—	24,612,269	664,481
Loan interest income	—	—	—	—	—	—	6,232,505	—	6,232,505	—
	<u>24,612,269</u>	<u>664,481</u>	<u>240,375,762</u>	<u>193,475,798</u>	<u>4,088,183</u>	<u>28,115,645</u>	<u>6,232,505</u>	<u>—</u>	<u>275,308,719</u>	<u>222,255,924</u>
<b>Segment results</b>	15,641,843	95,426	10,821,863	6,745,745	(6,959,224)	(37,527,861)	6,229,696	—	25,734,178	(30,686,690)
<b>Reconciliation:</b>										
Unallocated interest income									41,324	272,972
Unallocated other income and gains									7,887,399	6,432,614
Unallocated depreciation									(1,700,648)	(826,236)
Corporate and other unallocated expenses									(28,794,796)	(18,977,889)
Unallocated finance costs									(28,646)	(93,432)
Share of loss of a joint venture									(7,854,777)	(2,154,466)
Loss before tax									<u>(4,715,966)</u>	<u>(46,033,127)</u>

	Car rental		Electronic components/materials		Consumer electronic devices/platforms and related solutions/services		Financing services		Total	
	2015 HK\$	2014 HK\$ (Restated)	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$ (Restated)
<b>Segment assets</b>	<b>541,791,110</b>	133,002,768	<b>240,101,783</b>	193,195,912	<b>12,270,070</b>	30,367,915	<b>111,835,710</b>	—	<b>905,998,673</b>	356,566,595
Reconciliation:										
Corporate and other unallocated assets									<b>128,269,492</b>	100,442,119
<b>Total assets</b>									<b>1,034,268,165</b>	<b>457,008,714</b>
<b>Segment liabilities</b>	<b>44,942,438</b>	111,875,897	<b>10,909</b>	11,429	<b>34,124,408</b>	36,739,853	—	—	<b>79,077,755</b>	148,627,179
Reconciliation:										
Corporate and other unallocated liabilities									<b>24,323,330</b>	6,440,396
<b>Total liabilities</b>									<b>103,401,085</b>	<b>155,067,575</b>
<b>Other segment information:</b>										
Finance costs	<b>1,871,889</b>	25,176	—	—	—	—	—	—	<b>1,871,889</b>	25,176
Write-off of items of property, plant and equipment	—	—	—	—	<b>228,764</b>	—	—	—	<b>228,764</b>	—
Impairment/write-off of deferred development costs	—	—	—	—	—	4,883,863	—	—	—	4,883,863
Impairment of trade receivables	—	—	—	—	—	11,869,599	—	—	—	11,869,599
Impairment/write-off of a deposit and other receivables	—	—	—	—	<b>308,659</b>	5,426,590	—	—	<b>308,659</b>	5,426,590
Write-down of inventories to net realisable value, net	—	—	—	—	<b>9,322</b>	1,871,685	—	—	<b>9,322</b>	1,871,685
Write-off of materials	—	—	<b>106,625</b>	—	—	—	—	—	<b>106,625</b>	—
Depreciation	<b>9,972,697</b>	263,014	—	—	<b>463,728</b>	2,262,258	—	—	<b>10,436,425</b>	2,525,272
Amortisation of deferred development costs	—	—	—	—	<b>1,098,296</b>	10,681,435	—	—	<b>1,098,296</b>	10,681,435
Capital expenditure*	<b>20,254,806</b>	99,013,429	—	—	<b>17,640</b>	—	—	—	<b>20,272,446</b>	99,013,429

\* Capital expenditure consists of additions to intangible assets and property, plant and equipment including intangible assets and property, plant and equipment from the acquisition of a subsidiary.



## Geographical information

The following tables present revenue from external customers for the years ended 31 December 2015 and 2014, and certain non-current assets information as at 31 December 2015 and 2014, by geographical areas.

	European Union <i>HK\$</i>	United States of America <i>HK\$</i>	Mainland China <i>HK\$</i>	Hong Kong <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
<b>Year ended 31 December 2015</b>						
Revenue from external customers	<u>77,503</u>	<u>2,384,095</u>	<u>270,656,903</u>	<u>2,106,812</u>	<u>83,406</u>	<u>275,308,719</u>
<b>Year ended 31 December 2014</b>						
Revenue from external customers	<u>173,044</u>	<u>8,924,261</u>	<u>205,532,768</u>	<u>6,009,410</u>	<u>1,616,441</u>	<u>222,255,924</u>
<b>As at 31 December 2015</b>						
Non-current assets	—	—	171,253,803	14,743,182	—	185,996,985
Non-current assets (excluding financial instruments)	<u>—</u>	<u>—</u>	<u>129,761,773</u>	<u>13,152,466</u>	<u>—</u>	<u>142,914,239</u>
<b>As at 31 December 2014 (restated)</b>						
Non-current assets	—	—	130,447,613	16,601,949	—	147,049,562
Non-current assets (excluding financial instruments)	<u>—</u>	<u>—</u>	<u>126,012,161</u>	<u>14,881,505</u>	<u>—</u>	<u>140,893,666</u>

The Group's revenue information by geographical areas is based on the destination where the goods are delivered, except for revenue arising from the rendering of services, which is based on the locations where the customers are domiciled/located. The Group's non-current assets information by geographical areas is based on the locations of the assets.

## Information about major customers

Revenues of HK\$184.7 million (2014: HK\$132.4 million) and HK\$55.4 million (2014: HK\$60.8 million) were derived from the electronic components/materials segment with two customers, which individually amounted to 10 per cent or more of the Group's total revenue for the current and prior years.

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of car rental and other services rendered; and loan interest earned from money lending financing services rendered during the year.

An analysis of revenue, other income and gains is as follows:

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
<b>Revenue</b>		
Sales of goods	242,122,163	205,066,171
Rendering of services	2,341,782	16,525,272
Car rental income	24,612,269	664,481
Loan interest income	6,232,505	—
	<u>275,308,719</u>	<u>222,255,924</u>
<b>Other income and gains</b>		
Bank interest income	41,324	272,972
Other interest income	1,306,098	—
Government subsidies	—	5,040
Income in relation to certain procurement/credit/investment arrangements	25,176,977	4,549,078
Gross rental income from a sublease arrangement	53,914	733,138
Waivers of other borrowings	—	1,883,536
Gain on disposal of subsidiaries	2,982,161	—
Gain on disposal of items of property, plant and equipment, net	—	107,040
Others	282,697	457,410
	<u>29,843,171</u>	<u>8,008,214</u>

## 6. FINANCE COSTS

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Interest on bank and other borrowings*	1,871,889	25,176
Bank charges	28,646	93,432
	<u>1,900,535</u>	<u>118,608</u>

\* Amount reflecting waivers of interest on other borrowings of HK\$742,876 for the year ended 31 December 2014.

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Cost of inventories sold and services rendered	251,468,283	205,345,437
Depreciation	12,137,073	3,351,508
Research and development costs:		
Deferred expenditure amortised	1,098,296	10,681,435
Current year expenditure	1,507,783	2,618,224
	<u>2,606,079</u>	<u>13,299,659</u>
Impairment/write-off of deferred development costs	—	4,883,863
Impairment/write-off of trade receivables	—	11,869,599
Impairment/write-off of a deposit and other receivables	308,659	5,426,590
Loss on early repayment of an other borrowing	—	3,852,740
Write-down of inventories to net realisable value, net	9,322	1,871,685
Write-off of materials	106,625	—
Write-off of items of property, plant and equipment	228,764	—
Loss/(gain) on disposal of items of property, plant and equipment, net	<u>285,093</u>	<u>(107,040)</u>

## 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Current — Hong Kong		
Charge for the year	3,282,138	1,121,404
Current — Elsewhere	5,304	23,856
Deferred	<u>(425,073)</u>	<u>2,406,665</u>
Total tax charge for the year	<u>2,862,369</u>	<u>3,551,925</u>

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted loss per share are based on:

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
<b>Loss</b>		
Loss for the year attributable to ordinary equity holders of the parent	<u><u>(7,578,335)</u></u>	<u><u>(49,585,052)</u></u>
	<b>Number of shares</b>	
	2015	2014 <i>(Restated)</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year	<u><u>5,550,858,225</u></u>	<u><u>3,183,447,052</u></u>

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of HK\$7,578,335 (2014: HK\$49,585,052) and the weighted average number of ordinary shares of 5,550,858,225 (2014: 3,183,447,052 (restated)) in issue during the year. The basic loss per share amounts for the years ended 31 December 2015 and 2014 have been adjusted to reflect the bonus element in the placing of shares of the Company during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented for the years ended 31 December 2015 and 2014.

## 10. AVAILABLE-FOR-SALE INVESTMENT

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
<b>Non-current asset</b>		
Unlisted equity investment, at fair value	<u><u>39,987,400</u></u>	<u><u>—</u></u>
<b>Current asset</b>		
Unlisted debt investment, at fair value	<u><u>—</u></u>	<u><u>1,260,000</u></u>

During the year, the gross fair value gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK\$1,187,400 (2014: Nil).

## 11. TRADE RECEIVABLES

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Trade receivables	274,834,380	257,308,005
Impairment	<u>(24,672,546)</u>	<u>(44,334,131)</u>
	<u><b>250,161,834</b></u>	<u><b>212,973,874</b></u>

The Group's trading terms with its customers are mainly on credit except for car rental customers, where payment in advance is normally required. The credit period is generally 30 to 90 days or 90 days after month-end statement, or could be longer under certain circumstances. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Within 30 days	378,142	86,010,534
31 to 60 days	732,627	61,306,096
61 to 90 days	341,779	51,551,781
Over 90 days ( <i>note</i> )	<u>248,709,286</u>	<u>14,105,463</u>
	<u><b>250,161,834</b></u>	<u><b>212,973,874</b></u>

*Note:* Subsequent to the end of the reporting period, amounts of approximately HK\$240 million of the trade receivables outstanding as of 31 December 2015 were settled.

## 12. LOAN RECEIVABLES

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Loan receivables	<u><b>111,835,710</b></u>	<u>—</u>

Loan receivables represent receivables arising from money lending business of the Group, and are unsecured, bear interest at 12% per annum and are repayable within 6 months from dates of agreement.

An aged analysis of the loan receivables that are not considered to be impaired as at the end of the reporting period, based on the payment due date, is as follows:

	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b>
Neither past due nor impaired	<b>90,635,710</b>	—
1 to 3 months past due ( <i>note</i> )	<b>21,200,000</b>	—
	<b><u>111,835,710</u></b>	<b><u>—</u></b>

*Note:* Subsequent to the end of the reporting period, the loan receivable was fully settled.

Loan receivables that were neither past due nor impaired relate to independent borrowers for whom there was no recent history of default.

### 13. AMOUNTS DUE FROM DIRECTORS

Included in “Prepayments, deposits and other receivables” are amounts due from directors, which are disclosed pursuant to 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	31 December 2015 <i>HK\$</i>	Maximum outstanding during the year <i>HK\$</i>	1 January 2015 <i>HK\$</i>	Security held
Ms. Deng Shufen	905,368	2,400,000	2,400,000	None
Ms. Liu Jiangyuan	301,789	800,000	800,000	None
Mr. Gui Bin	301,789	800,000	800,000	None
	<b><u>1,508,946</u></b>		<b><u>4,000,000</u></b>	

The amounts due from directors are unsecured, interest-free and are repayable on demand.

### 14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b>
Within 30 days	<b>823,882</b>	426,012
31 to 60 days	<b>105,796</b>	265,909
Over 60 days	<b>33,375,919</b>	34,109,457
	<b><u>34,305,597</u></b>	<b><u>34,801,378</u></b>

The trade payables are non-interest-bearing and the credit terms generally granted by trade creditors are 30 to 90 days or 90 days after month-end statement.

## 15. SHARE CAPITAL

### Shares:

	Number of ordinary shares	Issued capital HK\$	Share premium account HK\$	Total HK\$
At 1 January 2015	4,081,375,000	40,813,750	372,189,470	413,003,220
Issue of new shares in connection with the Connected Placing (Note i)	1,500,000,000	15,000,000	151,000,000	166,000,000
Exercise of share options (Note i)	400,000,000	4,000,000	212,000,000	216,000,000
Issue of new shares in connection with the Placing (Note ii)	500,000,000	5,000,000	145,000,000	150,000,000
Shares issue expenses	—	—	(5,484,684)	(5,484,684)
At 31 December 2015	<u>6,481,375,000</u>	<u>64,813,750</u>	<u>874,704,786</u>	<u>939,518,536</u>

### Notes:

- (i) On 15 June 2015, pursuant to a placing agreement dated 26 March 2015, between the Company and a placing agent, the Company completed to place an aggregate of 1,500,000,000 new ordinary shares of HK\$0.01 each at a price of HK\$0.26 per share, with grant of 800,000,000 option shares at exercise price of HK\$0.26 per option share issued to Sino Merchant Car Rental Limited (“**Sino Merchant**”) (the “**Connected Placing**”). Sino Merchant is the controlling shareholder which held approximately 67.4% of equity interests of the Company immediately after completion of the placing agreement. Details of the share placement were contained in the announcements of the Company dated 26 March 2015 and 15 June 2015 and the circular of the Company dated 28 April 2015. The fair value of share options issued on 15 June 2015 was HK\$224,000,000 and such amount was charged against the Company’s share premium account in the equity.

During the year, 400,000,000 option shares were exercised by Sino Merchant at exercise price of HK\$0.26 per option share. The exercise amount including the related share option reserve in excess of the par value of the ordinary share was credited to the share premium account by HK\$212,000,000.

- (ii) On 3 August 2015, the Group completed a placing of a maximum of 500,000,000 new shares to not less than six places at a price of HK\$0.30 per placing share. Details of share placement were contained in the announcements of the Company dated 10 July 2015 and 3 August 2015.

### Warrants:

During the year ended 31 December 2012, the Group issued unlisted warrants to an independent third party (the “**Warrants Subscriber**”) as part of the conditions for the provision of a loan facility of HK\$50 million by the Warrants Subscriber to the Group for a period of 5 years. The warrants entitle the Warrants Subscriber to subscribe up to HK\$16,807,500 in aggregate, in cash for ordinary shares of the Company at an original subscription price of HK\$0.27 per share, subject to adjustments, at any time during the period from 31 October 2012 to 30 October 2017.

During the prior years, as a result of the completion of several open offers and placings of the Company, the subscription price of the outstanding warrants was adjusted to HK\$0.12 per share pursuant to the terms of the instrument relating to the warrants.

As a result of the completion of the Connected Placing in June 2015, the subscription price of the outstanding warrants was further adjusted to HK\$0.11 per share pursuant to the terms of the instrument relating to the warrants.

## 16. BUSINESS COMBINATION

On 19 December 2014, the Group acquired the entire equity interest in Gigantic Wisdom Limited and its operating subsidiary, 北京途安汽車租賃有限責任公司, (collectively, the “**Gigantic Group**”) from Nimble Ring Limited, at a total purchase consideration of RMB65,000,000. The Gigantic Group is engaged in the car rental services business. Further details of the transaction were set out in an announcement of the Company dated 28 November 2014. The acquisition was made as part of the Group’s strategy to strengthen the Group’s capabilities in both hardware such as cars and equipment and software including staff and services with respect to long-term car rental services. The purchase consideration for the acquisition was in the form of cash, with RMB16,250,000 paid at the acquisition date and the remaining RMB48,750,000 was settled during the year.

During the year, management has finalised the fair value assessment of the assets and liabilities of the Gigantic Group at the date of acquisition. The amounts of goodwill, property, plant and equipment and other payables were initially recognised on a provisional basis in the consolidated financial statements at approximately HK\$72,383,420, HK\$27,216,823 and HK\$12,219,368 at the date of acquisition. As a result, adjustments have been made to reduce the goodwill arising from the acquisition by HK\$46,173,082 and increase the initial carrying amounts of property, plant and equipment, intangible assets, other payables and deferred tax liabilities by HK\$2,974,110, HK\$68,670,000, HK\$7,560,000 and HK\$17,911,028, respectively. Except for the respective fair values of intangible assets and property, plant and equipment which were determined based on discounted cash flow analysis and market comparable approach, the carrying amounts of other assets and liabilities approximated to their fair values. Accordingly, the amounts of property, plant and equipment, intangible assets, other payables, deferred tax liabilities and goodwill have been adjusted to HK\$30,190,933, HK\$68,670,000, HK\$19,779,368, HK\$17,911,028 and HK\$26,210,338, respectively, as at the date of acquisition.

As the acquisition took place during the year ended 31 December 2014 and no adjustments were made to the balances as stated at 1 January 2014, the consolidated statement of financial position at 1 January 2014 is therefore not presented.



The provisional and finalised fair values of the identifiable assets and liabilities of the Gigantic Group as at the date of acquisition were as follows:

	<b>Provisional fair value recognised</b> <i>HK\$</i>	<b>Finalised fair value recognised</b> <i>HK\$</i>
Property, plant and equipment	27,216,823	30,190,933
Intangible assets	—	68,670,000
Cash and bank balances	1,072,866	1,072,866
Inventories	7,143	7,143
Trade receivables	1,084,749	1,084,749
Prepayments, deposits and other receivables	8,850,457	8,850,457
Trade payables	(1,997,208)	(1,997,208)
Other payables and accruals	(12,219,368)	(19,779,368)
Interest-bearing other borrowings	(14,393,077)	(14,393,077)
Tax payable	(605,358)	(605,358)
Deferred tax liabilities	—	(17,911,028)
	<hr/>	<hr/>
Total identifiable net assets	9,017,027	55,190,109
	<hr/>	<hr/>
Goodwill on acquisition	72,383,420	26,210,338
	<hr/>	<hr/>
Total consideration	<u>81,400,447</u>	<u>81,400,447</u>
Satisfied by:		
Cash		20,350,942
Payable to the seller in connection with the acquisition		61,049,505
		<hr/>
		<u>81,400,447</u>

## **BUSINESS REVIEW**

### **Car rental business**

During the Year, the Company continued to venture into the car rental business which is considered to be always in demand and have growth potential. Amidst the existing fleet size of 北京途安汽車租賃有限責任公司 (Beijing Tu An Car Rental Services Limited\*) (“**Beijing Tu An**”), an indirect, wholly-owned subsidiary of the Company in the PRC and is principally engaged in car rental services business, reaching its full utilization, the Group had further invested approximately HK\$20 million in Beijing Tu An to expand its fleet size, network coverage and services. For the year ended 31 December 2015, revenue from the Group’s car rental segment recorded approximately HK\$24.6 million. The Group had successfully completed a subscription transaction of US\$5 million (approximately HK\$39 million) for approximately 10% of the equity interest in Prime Elite Ventures Limited (“**Prime Elite**”) during the Year. “AA租車” (AA Car Rental\*), an online car rental application of Prime Elite launched in 2013, is a mobile internet-based intelligent car rental platform, which provides users with chauffeured car services anytime and anywhere. With its headquarters in Beijing, the “AA Car Rental” service network covers sixteen cities which include Beijing, Guangzhou, Shenzhen, Shanghai, Dalian and Shijiazhuang. For the year ended 31 December 2015, the Group’s strategic investment in Prime Elite had provided the Group with (i) fair value gain of approximately HK\$1.2 million recognised as other comprehensive income; as well as (ii) business synergies whereby, as at 31 December 2015, a total of 29 vehicles operated by Beijing Tu An were rented to “AA Car Rental” under long term rental contracts which provided stable returns to the Group.

### **Electronic components/materials business**

Since the electronic components/materials business has been a stable income source, the Group had allocated more resources and investment for the expansion in this segment. For the year ended 31 December 2015, revenue from the Group’s trading of electronic components/materials segment increased from approximately HK\$193.5 million for the year ended 31 December 2014, to approximately HK\$240.4 million. The Group also recorded gross profit and gross profit margin from this segment of approximately HK\$10.8 million and 4.5% respectively.

### **Consumer electronic devices/platforms and related solutions/services business**

The consumer electronic devices/platforms and related solutions/services business continued to make a loss during the Year. To optimise the value of the Group and its assets, the Company had commenced streamlining and reorganising its existing assets and disposed of its entire interests in two operating subsidiaries engaged in the research, design, development and sale of digital signal processing based consumer electronic devices/platforms on 29 April 2015. For the year ended 31 December 2015, revenue from this segment decreased by 85% to approximately HK\$4.1 million, from approximately HK\$28.1 million in 2014.

\* *For identification purpose only*

## **Financing services business**

The Company had, through one of its indirect, wholly-owned subsidiaries, applied for and in October 2015 successfully obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to conduct money lending business in Hong Kong through the provision of loans. The Company will strive to gain position in the financing services market by providing flexible, convenient and tailor-made services to raise accessibility to the Group's financing services. As the provision of financing services was still in early stage, revenue generated from this segment only contributed approximately 2% to the Group's total revenue for the year ended 31 December 2015.

## **FUTURE OUTLOOK**

With an increasing growth in the tourism industry in China and the benefits that car rental services can offer, including greater mobility without the need to pay the relatively higher costs associated with car ownership and the freedom to choose cars based on requirements and budget, the use of car rental services is expected to become more and more popular and a rise in demand is anticipated. The Group will continue to explore the development of its online car rental business in the car rental market. As access to financing services is crucial to business and economic growth, the provision of financing services has potential for high growth and can be sustainable. The Group seeks to grasp on potential business opportunities by strategically tap into the financial services industry. The Group looks forward to further expanding its income streams and smoothing the road for future development through the provision of a wider array of comprehensive services.

## **FINANCIAL REVIEW**

### **Results of the Group**

#### *Revenue*

The revenue of the Group increased by approximately 24% from approximately HK\$222.3 million for the year ended 31 December 2014 to approximately HK\$275.3 million for the year ended 31 December 2015. As mentioned in the section headed "BUSINESS REVIEW", the increase was mainly resulted from (i) the increase in sales of goods from approximately HK\$205.1 million for the year ended 31 December 2014 to approximately HK\$242.1 million for the year ended 31 December 2015, due to the shift of business focus to the trading of electronic components/materials; and (ii) the disposal of certain subsidiaries from the consumer electronic devices/platforms and related solutions/services segment, which resulted in the decrease in sales from the consumer electronic devices/platforms and related solution/services segment, and in turn offset certain sales brought by the trading of electronic components/materials.

### ***Cost of sales***

Cost of sales of the Group increased by approximately 22% from approximately HK\$205.3 million for the year ended 31 December 2014 to approximately HK\$251.5 million for the year ended 31 December 2015. The increase was mainly attributable to the increase in sales of electronic components/materials during the Year.

### ***Gross profit and margin***

The Group recorded a gross profit of approximately HK\$23.8 million for the year ended 31 December 2015, representing an increase of approximately 41% as compared to the gross profit recorded in the prior year. The gross profit margin increased slightly by approximately 1.1 percentage points from 7.6% in 2014 to 8.7% in the Year. The increase was resulted from the money lending business, which had higher profit margin, commenced in the last quarter of 2015.

### ***Other income and gains***

Other income and gains of the Group increased by approximately 273%, from approximately HK\$8.0 million for the year ended 31 December 2014 to approximately HK\$29.8 million for the year ended 31 December 2015. The increase was mainly resulted from the income in relation to certain procurement/credit/investment arrangements as well as waivers of other borrowings recognised during the Year.

### ***Research and development costs***

Research and development costs decreased by approximately 42% from approximately HK\$2.6 million for the year ended 31 December 2014 to approximately HK\$1.5 million for the year ended 31 December 2015, mainly due to the disposal of certain subsidiaries under the consumer electronic devices/platforms segment and related solution/services segment, coupled with the decrease in the number of research and development projects after the implementation of the cost-saving measures during the Year.

### ***Selling and distribution expenses***

Selling and distribution expenses decreased by approximately 55% from approximately HK\$14.6 million for the year ended 31 December 2014 to approximately HK\$6.5 million for the year ended 31 December 2015, mainly due to the cost saving effect from the disposal of certain subsidiaries under the consumer electronic devices/platforms and related solution/services segment.

### ***General and administrative expenses***

General and administrative expenses increased by approximately 56% from approximately HK\$25.4 million for the year ended 31 December 2014 to approximately HK\$39.7 million for the year ended 31 December 2015, mainly due to the extra cost incurred as a result of business expansion during the Year.

### ***Other expenses, net***

Other expenses, net, decreased by approximately 96% from approximately HK\$26 million for the year ended 31 December 2014 to approximately HK\$0.9 million for the year ended 31 December 2015 mainly due to the reduction of impairment/write-off of trade and other receivables in 2014.

### ***Finance costs***

Finance costs increased from approximately HK\$0.1 million for the year ended 31 December 2014 to approximately HK\$1.9 million for the year ended 31 December 2015, mainly due to the drawdown of certain new interest-bearing bank and other borrowings utilised to finance the purchase of certain motor vehicles for the car rental business during the Year.

### ***Income tax expense***

Income tax expense decreased from approximately HK\$3.6 million for the year ended 31 December 2014 to approximately HK\$2.9 million for the year ended 31 December 2015, mainly due to the reversal of deferred tax asset in the prior year.

### **Liquidity and financial resources**

	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
		<i>(Restated)</i>
Current assets	<b>848,271,180</b>	309,959,152
Current liabilities	<b>80,401,723</b>	131,845,443
Current ratio	<b><u>10.55</u></b>	<b><u>2.35</u></b>

As at 31 December 2015, cash and cash equivalents of the Group amounted to approximately HK\$5.1 million (2014: HK\$8.1 million).

In view of the Group's current level of cash and cash equivalents, funds generated internally from our operations and from the corporate actions completed during the Year, the Board is confident that the Group will have sufficient financial resources to meet its debt repayment and financing needs for its operations for the foreseeable future.

## Gearing ratio

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Total interest-bearing bank and other borrowings	<b>31,513,733</b>	13,697,445
Equity	<b>930,867,080</b>	301,941,139
Gearing ratio	<b><u>3.4%</u></b>	<b><u>4.5%</u></b>

As at 31 December 2015, the gearing ratio is 3.4% (2014: 4.5%). As at 31 December 2015, the maturity profile of the interest-bearing bank and other borrowings of the Group falling due within one year, and the second year, inclusive, amounted to approximately HK\$26.1 million (2014: HK\$8.4 million) and HK\$5.4 million (2014: HK\$5.3 million), respectively.

## Capital structure

The capital of the Company comprises only ordinary shares of HK\$0.01 each (the “**Shares**”). As at 31 December 2015, the total number of issued Shares was 6,481,375,000 shares (with an aggregate nominal value of HK\$64,813,750). The total number of issued Shares had been changed during the Year as follows:

	<i>No. of Shares</i>
1 January 2015	4,081,375,000
Add: (I) Connected Placing	1,500,000,000
(II) Exercise of Options granted pursuant to the Connected Placing	400,000,000
(III) 2015 Placing	<u>500,000,000</u>
31 December 2015	<b><u>6,481,375,000</u></b>

- (I) On 26 March 2015, the Company entered into a placing agreement (the “**Connected Placing Agreement**”) with Sheng Yuan Securities Limited (the “**Placing Agent**”) pursuant to which the Company agreed to (i) place, through the Placing Agent, an aggregate of up to 1,500,000,000 new ordinary shares (the “**Connected Placing Shares**”) of HK\$0.01 each in the Company at the placing price of HK\$0.26 per Connected Placing Share to Sino Merchant Car Rental Limited (“**Sino Merchant**”) (the controlling shareholder and a connected person of the Company); and (ii) grant to Sino Merchant, at an aggregate nominal consideration of HK\$1, options (the “**Options**”) which carry rights to subscribe for up to a total of 800,000,000 new ordinary shares (the “**Option Shares**”) of HK\$0.01 each in the Company at the initial exercise price of HK\$0.26 per Option Share (subject to adjustments) upon the terms and conditions contained in the Connected Placing Agreement (the “**Connected Placing**”). The completion of the Connected Placing Agreement took place on 15 June 2015 which resulted in (i) an aggregate of 1,500,000,000 Connected Placing Shares being allotted and issued to Sino Merchant; and (ii) the Options being granted to Sino Merchant.
- (II) On 2 July 2015, Sino Merchant partially exercised the Options granted pursuant to the Connected Placing Agreement to subscribe for 400,000,000 Option Shares. As at 31 December 2015, Sino Merchant had remaining Options which carry rights to subscribe for up to a total of 400,000,000 Option Shares.

Please refer to the announcements of the Company dated 26 March 2015, 18 May 2015, 15 June 2015 and 2 July 2015 and the circular of the Company dated 28 April 2015 for details.

- (III) On 7 July 2015, the Company entered into a conditional placing agreement (the “**Placing Agreement**”) with an independent 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 independent placees at a price of HK\$0.3 per placing share (the “**2015 Placing**”). The maximum number of 500,000,000 placing shares were successfully placed upon completion of the 2015 Placing on 3 August 2015.

Please refer to the announcements of the Company dated 10 July 2015 and 3 August 2015 for details.

### **Foreign currency exposure**

The foreign currency exposure of the Group primarily arises from revenue or income generated, cost and expenses incurred, and certain bank and other borrowings denominated in currencies other than the functional currency of the Group’s operating units. For the Group’s operating units that have United States dollar (“**US\$**”) and Renminbi (“**RMB**”) as their functional currency, their foreign currency transactions and the units’ monetary assets and liabilities denominated in foreign currencies that were translated at the functional currency rates of exchange ruling as at 31 December 2015 were mainly denominated in Hong Kong dollars. The Group expected that the exposure to exchange rates fluctuation was not significant and therefore had not engaged in any hedging activities.

## **Charges on the Group's assets**

As at 31 December 2015, certain of the Group's bank loan and other borrowings were secured by the pledge of the Group's time deposit of approximately HK\$18.8 million (2014: Nil) and certain of the Group's motor vehicles of approximately HK\$21.4 million (2014: HK\$15.8 million (restated)), respectively. As at 31 December 2014, certain of the Group's other payable were also secured by the pledge of the Group's motor vehicles of approximately HK\$8.4 million (restated).

## **Contingent liabilities**

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

## **DIVIDENDS**

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the Company will be held on Friday, 3 June 2016 (the "AGM"). The notice of the AGM will be despatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 1 June 2016 to Friday, 3 June 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 31 May 2016.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2015, the Group employed a total of 28 (2014: 53) employees. Total staff costs, including Directors' emoluments, amounted to approximately HK\$21 million for the Year (2014: approximately HK\$14 million).

The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The Group provided discretionary bonus, medical insurance, provident fund, education subsidy and training to its employees.



## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard under the Model Code and the code of conduct throughout the Year.

## **CORPORATE GOVERNANCE**

The Company had complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules throughout the Year.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises all the three independent non-executive Directors, namely Mr. Zhao Xianming (chairman), Mr. Fang Jun and Mr. Wong Yiu Kit, Ernest. The primary duties of the Audit Committee are to supervise the internal control policies, the financial reporting systems and procedures of the Company, to review the financial statements and reports of the Group, and to review the terms of engagement and scope of audit work of the external auditors. The audited financial statements of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

The Audit Committee has met the external auditors of the Company, Messrs. Ernst & Young, and reviewed the Group's results for the year ended 31 December 2015.

## **PUBLICATION OF 2015 FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Company ([www.ereentalcar.com.hk](http://www.ereentalcar.com.hk)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The 2015 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 24 March 2016

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