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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **E-Rental Car Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES
RE-ELECTION OF DIRECTORS
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong at 11 a.m. on Friday, 3 June 2016 is set out on pages N-1 to N-6 of this circular.

A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to 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 as soon as practicable but in any event not later than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

29 April 2016

CONTENTS

	<i>Page</i>
Definitions	1
Responsibility Statement	5
Letter from the Board	
Introduction	6
Grant of General Mandate, Buy-back Mandate and Extension Mandate	7
Re-election of Directors	8
Proposal for adoption of the New Share Option Scheme	9
Actions to be taken	12
Recommendations	13
General Information	13
Documents available for inspection	13
Miscellaneous	13
Appendix I — Explanatory Statement for the Buy-back Mandate	AI-1
Appendix II — Details of the Directors proposed to be re-elected at the Annual General Meeting	AII-1
Appendix III— Principal Terms of the New Share Option Scheme	AIII-1
Notice of Annual General Meeting	N-1

DEFINITIONS

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

“Adoption Date”	the date of approval of the adoption of the New Share Option Scheme by the Shareholders
“Annual General Meeting”	the annual general meeting of the Company to be convened and held at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on Friday, 3 June 2016 at 11 a.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages N-1 to N-6 of this circular
“Articles of Association”	the articles of association of the Company as altered from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors (and, in relation to the New Share Option Scheme, includes any committee or delegate of the Board appointed or constituted by the Board to perform any of its functions)
“Branch Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Business Day”	any day on which the Stock Exchange is open for business of dealing in securities
“Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to buy-back Shares, the aggregate number of which shall not exceed 10% of the aggregate number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“BVI”	British Virgin Islands
“close associate(s)”	has the same meaning as ascribed to it under the Listing Rules

DEFINITIONS

“Companies Law”	the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	E-Rental Car Company Limited (宜租互聯網租車有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“core connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it in the Listing Rules. As at the Latest Practicable Date, the Controlling Shareholders of the Company are Sino Merchant, Ms Deng Shufen, Mr Dai Yumin and Ms Liu Jiangyuan
“Director(s)”	the director(s) of the Company
“Eligible Participants”	the classes of participants (as more particularly referred to in paragraph (2) of Appendix III – “Principal Terms of the New Share Option Scheme” to this circular) who are eligible to participate in the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme adopted by the Company and became effective on 27 November 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years until 26 November 2019
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares bought back under the Buy-back Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the General Mandate
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing of the ordinary resolution in relation thereto at the Annual General Meeting

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix III to this circular
“Option(s)”	share option(s) that may be granted under the New Share Option Scheme by the Board to the Eligible Participants with rights to subscribe for Shares at a pre-determined subscription price in accordance with the New Share Option Scheme
“PRC”	The People’s Republic of China, excluding for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Sino Merchant”	Sino Merchant Car Rental Limited, a company incorporated in the BVI with limited liability (the entire issued share capital of which is owned as to 60% by Ms Deng Shufen and 40% by Ms Liu Jiangyuan), being one of the Controlling Shareholders of the Company as at the Latest Practicable Date

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms Deng Shufen (*Chairman*)

Mr Dai Yumin (*President*)

Mr Gui Bin

Ms Liu Jiangyuan

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111

Cayman Islands

Non-executive Director:

Mr Ho Kin Cheong, Kelvin

Head office and principal place of

business in Hong Kong:

Suites 3101-3105, 31st Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai, Hong Kong

Independent Non-executive Directors:

Mr Fang Jun

Mr Wong Yiu Kit, Ernest

Mr Zhao Xianming

29 April 2016

To the Shareholders

Dear Sir or Madam

**GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES
RE-ELECTION OF DIRECTORS
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the Annual General Meeting to enable Shareholders to make an informed decision on whether to vote for or against those resolutions and to give you notice of the Annual General Meeting.

LETTER FROM THE BOARD

Resolutions to be proposed at the Annual General Meeting, in addition to ordinary businesses, include ordinary resolutions relating to (a) the proposed grant of the General Mandate, the Buy-back Mandate and the Extension Mandate; (b) the proposed re-election of the Directors; and (c) the adoption of the New Share Option Scheme.

GRANT OF GENERAL MANDATE, BUY-BACK MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, the following ordinary resolutions, among other matters, will be proposed:

- (a) to grant to the Directors a general and unconditional mandate to allot, issue or otherwise deal with further Shares representing up to 20% of the aggregate number of Shares in issue as at the date of passing of the relevant resolution. On the basis of 6,481,375,000 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be issued or bought back prior to the Annual General Meeting, the maximum number of Shares which may be allotted and issued pursuant to the General Mandate will be 1,296,275,000;
- (b) to grant the Buy-back Mandate to the Directors to enable them to buy-back Shares on the Stock Exchange up to a maximum of 10% of the aggregate number of Shares in issue on the date of passing of such resolution; subject to the passing of the proposed resolution granting the Buy-back Mandate to the Directors, the Company will be allowed under the Buy-back Mandate to buy-back up to a maximum of 648,137,500 Shares; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the General Mandate by an additional number representing such number of Shares actually bought back under the Buy-back Mandate.

Subject to the approval of the above proposals by Shareholders at the Annual General Meeting, the General Mandate and the Buy-back Mandate will lapse on the earliest of (i) the date of the next annual general meeting, or (ii) the date by which the next annual general meeting of the Company is required to be held by law and/or the Articles of Association, or (iii) the date on which such authority given to the Directors thereunder is revoked or varied by ordinary resolution of the Company in general meeting.

LETTER FROM THE BOARD

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed resolution to grant to the Directors the Buy-back Mandate is set out in Appendix I to this circular. This contains all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution.

The Directors wish to state that they have no immediate plans to buy-back any Shares or to allot and issue any new Shares, other than Shares which may fall to be allotted and issued upon the exercise of any options granted under the Existing Share Option Scheme of the Company.

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board consisted of eight Directors, namely:

<i>Executive Directors</i>	<i>Date of appointment</i>
Ms Deng Shufen (<i>Chairman</i>)	16 July 2014
Mr Dai Yumin (<i>President</i>)	16 July 2014
Mr Gui Bin	16 July 2014
Ms Liu Jiangyuan	16 July 2014
<i>Non-executive Director</i>	<i>Date of appointment</i>
Mr Ho Kin Cheong, Kelvin	11 April 2016
<i>Independent Non-executive Directors</i>	<i>Date of appointment</i>
Mr Fang Jun	16 July 2014
Mr Wong Yiu Kit, Ernest	16 July 2014
Mr Zhao Xianming	16 July 2014

According to Article 84 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years, and be eligible for re-election. Further, according to Article 83(3) of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

LETTER FROM THE BOARD

By virtue of Article 84 of the Articles of Association, Ms Deng Shufen would retire. By virtue of Article 83(3) of the Articles of Association, the office of Mr Ho Kin Cheong, Kelvin would end at the Annual General Meeting. Each of them, being eligible, will offer himself/herself for re-election at the Annual General Meeting.

Further, Mr Dai Yumin (“**Mr Dai**”) and Mr Gui Bin (“**Mr Gui**”), two of the executive Directors, had indicated to the Company that they would retire, and would not seek for re-election, at the Annual Generals Meeting as each of them intended to devote more time to his other personal affairs and commitments. Mr Dai and Mr Gui had each confirmed that he had no disagreement with the Board. The Board, Mr Dai and Mr Gui also respectively confirmed that there was no matter regarding the retirement of Mr Dai and Mr Gui that needed to be brought to the attention of the Shareholders. The Board would like to express its gratitude to Mr Dai and Mr Gui for their contribution to the Group during their tenure of service.

The biographical and other details of each of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company and became effective on 27 November 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years until 26 November 2019.

As at the Latest Practicable Date, no Options had been granted (or agreed to be granted) and remained outstanding under the New Share Option Scheme.

Reasons for the proposed adoption of the New Share Option Scheme

The Existing Share Option Scheme was adopted by the Company prior to the transfer of listing of its Shares from the Growth Enterprise Market (“**GEM**”) to the Main Board of the Stock Exchange in June 2011. Given that (i) the Shares are now listed on the Main Board of the Stock Exchange, (ii) the Existing Share Option Scheme will expire in about three years’ time and (iii) there were no outstanding options granted under the Existing Share Option Scheme, the Board considers it appropriate to cancel the Existing Share Option Scheme and adopt the New Share Option Scheme that would make reference to the Listing Rules (as opposed to the Rules Governing the Listing of Securities on GEM), and comply with, Chapter 17 of the Listing Rules currently in force.

LETTER FROM THE BOARD

The Directors consider that the New Share Option Scheme will provide the Board with flexible and effective means to (i) attract and retain professionals, executives and employees of high caliber or appropriate qualification and experience that are valuable to the growth and development of the Group; and (ii) offer incentives and reward and/or remunerate these selected Eligible Participants whom the Directors consider are significant to and/or whose contributions are or will be beneficial to the growth of the Group.

Except for the expansion of the Eligible Participants to cover such adviser(s) or consultant(s) or any other group(s) or class(es) of participants who have contributed or may contribute to the growth and development of the Group, there is no fundamental difference in terms of the rules between, or the rationale behind the adoption of, the Existing Share Option Scheme and (if approved by the Shareholders at the Annual General Meeting) the New Share Option Scheme. Both of them were or are designed primarily to generate greater drive and effectiveness to contribute to the Group and create a sense of belongings or more favourable relations towards the Group. The Directors believe that these can have positive impact on the Group's performance levels and thereby gaining a more competitive edge for the sustainable development of the Group.

The New Share Option Scheme

Set out in Appendix III to this circular are the principal terms of the New Share Option Scheme under which the maximum number of Shares which may be allotted and issued by the Company upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes may represent up to 10 % of the Shares in issue of the Company on the Adoption Date, which maximum number may however be refreshed as detailed in paragraph (3) of Appendix III to this circular.

The New Share Option Scheme will be administered by the Board. None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in such trustee (if any).

As at the Latest Practicable Date, there were 6,481,375,000 Shares in issue. Assuming that there is no further change in the number of issued shares in the Company between the Latest Practicable Date to the Adoption Date, the number of Shares which may be allotted and issued pursuant to the New Share Option Scheme on the Adoption Date will be 648,137,500 Shares.

LETTER FROM THE BOARD

Conditions of the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders at the Annual General Meeting; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

As no Shareholder has a material interest in the adoption of the New Share Option Scheme, no Shareholder is required to abstain from voting under the Listing Rules on the ordinary resolution in respect of the adoption of the New Share Option Scheme at the Annual General Meeting.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise of the options granted under the New Share Option Scheme.

Values of all options that can be granted under the New Share Option Scheme

The Directors consider that it is not possible or appropriate to state the value of all options that may be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date. This is because the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. In addition, options to be granted under the New Share Option Scheme are personal to the grantees of the Options and shall not be assignable, and no holder of an Option shall in any way sell, transfer, charge or create any interest in favour of any third party over or in relation to any Option and therefore have no market value. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

LETTER FROM THE BOARD

ACTIONS TO BE TAKEN

Set out on pages N-1 to N-6 of this circular is a notice convening the Annual General Meeting at which ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the grant of the General Mandate, the Buy-back Mandate and the Extension Mandate;
- (b) the re-election of Directors; and
- (c) the adoption of the New Share Option Scheme.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular to members; and (ii) which relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Shareholders a reasonable opportunity to express their views. Accordingly, all resolutions proposed at the Annual General Meeting will be taken by poll.

After the conclusion of the Annual General Meeting, the results of the poll will be released on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.entalcar.com.hk).

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the proposals regarding (a) the grant of the General Mandate, the Buy-back Mandate and the Extension Mandate; (b) the re-election of the Directors as set out in Appendix II to this circular; and (c) the adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolutions at the Annual General Meeting.

GENERAL INFORMATION

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

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the draft rules of the New Share Option Scheme will be available for inspection at the Company's head office and principal place of business in Hong Kong at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

This appendix serves as an explanatory statement, as required under Rule 10.06(1)(b) of the Listing Rules, to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant of the Buy-back Mandate to the Directors.

1. LISTING RULES RELATING TO THE BUY-BACK OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy-back their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all buy-backs of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 6,481,375,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Buy-back Mandate and on the basis that no new Shares are issued and no Shares are bought back for the period from the Latest Practicable Date up to and including the date of the Annual General Meeting, the Company will be allowed under the Buy-back Mandate to buy-back up to a maximum of 648,137,500 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR THE BUY-BACKS

The Directors believe that the Buy-back Mandate is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to buy-back Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders as a whole.

4. FUNDING OF BUY-BACKS

In making buy-backs, the Company may only apply funds legally available for such purposes in accordance with the Articles of Association and the laws of the Cayman Islands. The laws of the Cayman Islands provide that the amount of capital repaid in connection with a share buy-back may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The premium payable on buy-back may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the Company's share premium before the Shares are bought back. In accordance with the laws of the Cayman Islands, the Shares so bought back would be treated as cancelled but the aggregate amount of authorised share capital would not be reduced.

5. MATERIAL ADVERSE IMPACT IN THE EVENT OF BUY-BACK IN FULL

Taking into account the current working capital position of the Group, the Directors consider that, if the Buy-back Mandate were to be carried out in full at any time during the proposed buy-back period, it might have a material adverse impact on the working capital and/or gearing position of the Company as compared with the position as at 31 December 2015, being the date of on which its latest published audited consolidated financial statements were made up. However, the Directors do not intend to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve calendar months immediately preceding (and including) the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2015		
April	0.610	0.360
May	0.700	0.355
June	0.630	0.330
July	0.445	0.220
August	0.380	0.255
September	0.315	0.245
October	0.295	0.240
November	0.260	0.205
December	0.249	0.220
2016		
January	0.250	0.203
February	0.229	0.192
March	0.315	0.219
April (up to the Latest Practicable Date)	0.360	0.285

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make buy-backs under the Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and in accordance with the regulations set out in the memorandum of association of the Company and the Articles of Association.

8. CORE CONNECTED PERSON

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, have any present intention to sell any Shares to the Company under the Buy-back Mandate if the same is approved by the Shareholders at the Annual General Meeting.

No core connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the grant of the Buy-back Mandate is approved by the Shareholders at the Annual General Meeting.

9. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to buy-back securities pursuant to the Buy-back Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Controlling Shareholders of the Company are Sino Merchant, Ms Deng Shufen, Mr Dai Yumin and Ms Liu Jiangyuan and their respective interests or deemed interests in the issued Shares are set out below:

Name	Capacity	Number of issued Shares	Approximate percentage of existing shareholding (Note 3)	Approximate percentage of shareholding if the Buy-back Mandate is exercised in full (Note 4)
Sino Merchant	Beneficial owner (Note 1)	3,499,233,889	53.99%	59.99%
Deng Shufen	Interest of controlled corporation (Note 1)	3,499,233,889	53.99%	59.99%
	Interest of a spouse (Note 2)	24,300,000	0.37%	0.42%
		3,523,533,889	54.36%	60.41%
Dai Yumin	Interest of a spouse (Note 1)	3,499,233,889	53.99%	59.99%
	Beneficial owner (Note 2)	24,300,000	0.37%	0.42%
		3,523,533,889	54.36%	60.41%
Liu Jiangyuan	Interest of controlled corporation (Note 1)	3,499,233,889	53.99%	59.99%

Notes:

- (1) The issued Shares are registered in the name of Sino Merchant. The entire issued share capital of Sino Merchant is owned as to 60% by Ms Deng Shufen (the chairman of the Company and an executive Director) and 40% by Ms Liu Jiangyuan (an executive Director). Both Ms Deng Shufen and Ms Liu Jiangyuan are deemed or taken to be interested in all the Shares in which Sino Merchant is interested by virtue of the SFO. As Mr Dai Yumin (an executive Director) 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 the SFO.

- (2) The issued Shares are registered in the name of and beneficially held by Mr Dai Yumin, in which his spouse, Ms Deng Shufen, is deemed or taken to be interested by virtue of the SFO.
- (3) The percentage of shareholding is calculated on the basis of 6,481,375,000 Shares in issue as at the Latest Practicable Date.
- (4) The percentage of shareholding is calculated on the basis of 5,833,237,500 Shares (on the basis of 6,481,375,000 Shares in issue as at the Latest Practicable Date and assuming the Buyback Mandate was exercised in full).

In the event that the Directors exercise in full the Buy-back Mandate which is to be approved by the Shareholders, the increase in shareholding in the Company of the Controlling Shareholders would not give rise to an obligation on their part together with parties acting in concert (as defined in the Takeovers Code) with them to make a mandatory offer under the Takeovers Code.

Assuming that there is no further issue of Shares between the Latest Practicable Date and the date of buy-back, the exercise of the Buy-back Mandate, whether in whole or in part, would not result in less than 25% of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules.

The Directors have no intention to exercise the Buy-back Mandate to such an extent as would result in (i) any obligation of the Controlling Shareholders together with parties acting in concert (as defined in the Takeovers Code) with them to make a mandatory offer under the Takeovers Code or (ii) the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

10. SHARE BUY-BACKS MADE BY THE COMPANY

The Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise) within the six months immediately preceding the Latest Practicable Date.

Set out below are the biographical and other details of the Directors, who being eligible, will offer themselves for re-election at the Annual General Meeting.

Ms DENG Shufen (鄧淑芬) (“Ms Deng”), aged 51, has been an executive Director since 16 July 2014. Ms Deng is also the chairman, executive Director and authorised representative of the Company. She has also served as the general manager and the vice-chairman of the board of directors of Huashang Group Company Limited (華商集團有限公司) since 1993 and the deputy general manager of China Wood (Group) Company Limited* (中國木材(集團)有限公司) since 2006. Ms Deng was also appointed as the general manager of the legal department of China Leasing Company Limited* (中國租賃有限公司) in 2003 and the vice-chairman of the board of directors of Jiangxi Juye Asset Management Company Limited* (江西聚業資產管理有限公司) in 2006. She graduated from Jiangxi University (later reorganized as Nanchang University) with a bachelor degree of Law.

Ms Deng is the spouse of Mr Dai Yumin, an executive Director and the President of the Company.

Ms Deng is one of the Controlling Shareholders of the Company. As at the Latest Practicable Date, she was deemed or taken to be interested in 3,523,533,889 Shares held as to (i) 3,499,233,889 Shares by Sino Merchant (the entire issued share capital of which is owned as to 60% by Ms Deng and 40% by Ms Liu Jianguan (both being executive Directors)) and (ii) 24,300,000 Shares by her spouse, Mr Dai Yumin by virtue of the SFO. In addition, Ms Deng is also deemed or taken to be interested in certain outstanding options granted by the Company pursuant to a placing transaction completed on 15 June 2015, which options entitle Sino Merchant to subscribe for up to 400,000,000 new Shares at the exercise price of HK\$0.26 each (subject to adjustment) during the period from 15 June 2015 to 14 June 2017. Save as disclosed above, as at the Latest Practicable Date, Ms Deng did not, directly or indirectly, have any interest or underlying interest in Shares within the meaning of Part XV of the SFO.

Ms Deng has entered into a service contract with the Company for a term of three years commencing on 16 July 2014. She is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the provisions of the Articles of Association. Ms Deng is entitled to receive a director’s fee of HK\$1,200,000 per annum (which was determined with reference to her duties and responsibilities within the Group) and such other benefits as may be determined by and, at the discretion of, the Board from time to time. For the financial year ended 31 December 2015, Ms Deng received by way of remuneration and other emoluments the amount of HK\$1,200,000 from the Group.

* For identification purposes only

Save as disclosed above, Ms Deng (i) did not hold any other directorship in listed public companies in the last three years before the Latest Practicable Date; (ii) does not hold any other positions with the Company; and (iii) is not connected and has no other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in connection with Ms Deng's re-election.

Mr HO Kin Cheong Kelvin (何建昌) ("Mr Ho"), aged 48, has been appointed as a non-executive Director since 11 April 2016. Mr Ho is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor's degree in Business Administration from Hong Kong Baptist College (now known as Hong Kong Baptist University). Mr Ho has over 25 years of experience in finance and accounting. Prior to joining the Company, he was responsible for accounting, finance and company secretarial matters for several listed companies in Hong Kong. Mr Ho was an independent non-executive director of Cheung Tai Hong Holdings Limited (now known as ITC Properties Group Limited (stock code: 0199) from 2001 to 2003.

As at the Latest Practicable Date, Mr Ho did not, directly or indirectly, have any interest or underlying interest in Shares within the meaning of Part XV of the SFO.

Mr Ho has entered into an appointment letter with the Company pursuant to which he has agreed to act as a non-executive Director for an initial term of one year commencing from 11 April 2016, renewable automatically for successive terms of one year upon expiry of the then current term of his appointment, unless terminated in accordance with the terms of the appointment letter. He is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the provisions of the Articles of Association. Mr Ho is entitled to receive a director's fee of HK\$60,000 per month (which was determined with reference to his qualifications, experience, duties and responsibilities with the Company, as well as the Company's performance and the prevailing market conditions) and such other benefits as may be determined by and, at the discretion of, the Board from time to time.

Save as disclosed above, Mr Ho (i) did not hold any other directorship in listed public companies in the last three years before the Latest Practicable Date; (ii) does not hold any other positions with the Company; and (iii) is not connected and has no other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in connection with Mr Ho's re-election.

Set out below is a summary of the principal terms of the New Share Option Scheme proposed to be approved and adopted at the Annual General Meeting.

(1) PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants referred to in paragraph (2) below to recognize and reward their contributions and as incentives for retaining them for their contribution or potential contribution to the Group for the long-term growth and development of the Group.

Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an Option must be held before an Option can be exercised on a case by case basis, and that the exercise price of an Option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an Option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the Options granted.

(2) WHO MAY JOIN

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants (the “**Eligible Participants**”) to take up options to subscribe for Shares:

- (a) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries, or any entity (the “**Invested Entity**”) in which any member of the Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the New Share Option Scheme, the offer for the grant of Option(s) may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the New Share Option Scheme.

The eligibility of any of the above classes as of participants to an offer for the grant of any Option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her/its contribution to the development and growth of the Group.

(3) MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes adopted by the Group must not in aggregate exceed 30% of the relevant class of securities of the Company (or the subsidiary) in issue from time to time.
- (b) The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Group) to be granted under the New Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of passing the

relevant resolution adopting the New Share Option Scheme (the “**General Scheme Limit**”).

- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders at general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and, for the purpose of calculating the refreshed limit, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option schemes of the Group) previously granted under the New Share Option Scheme and any other share option schemes of the Group will not be counted. The circular sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders’ approval at general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of Options to be granted, the purpose of granting Options to the specified participants with an explanation as to how the terms of the Options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(4) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon the exercise of the Options granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding Options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company with such grantee and his close associates (or his associates if such grantee is a connected person of the Company) abstaining from

voting. The number and terms (including the exercise price) of Options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(5) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of options under the New Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who or whose associates is the proposed grantee of the Options).
- (b) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be allotted and issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (aa) representing in aggregate over 0.1% of the Shares in issue; and
 - (bb) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders at general meeting. The Company must send a circular to the Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that the connected person's intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates must be approved by the Shareholders at general meeting.

(6) TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An option may be accepted by a participant within 21 days from the date of the offer for grant of the Option.

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer for the grant of Options but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of Options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an option before it can be exercised.

(7) PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a grantee, a grantee is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised. No performance targets are specifically stipulated under the New Share Option Scheme.

(8) SUBSCRIPTION PRICE FOR SHARES AND CONSIDERATION FOR THE OPTION

The subscription price for Shares under the New Share Option Scheme shall be a price determined by the Directors but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for grant, which must be a Business Day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an Option.

(9) RANKING OF SHARES

- (a) The Shares allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank equally in all respects with the fully paid Shares

in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members (the “Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the grantee has been entered on the register of members of the Company as the holder thereof.

- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

(10) RESTRICTIONS ON THE TIME OF THE OFFER FOR THE GRANT OF OPTIONS

- (a) No offer for the grant of Options shall be made after inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the Board meeting (as that date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (bb) the deadline for the Company to publish an announcement of the results of the Company for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no offer for the grant of Options may be made.
- (b) The Directors may not make any offer for the grant of Option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(11) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted.

(12) RIGHTS ON CEASING EMPLOYMENT

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (14) below before exercising his Option in full, the Option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

“Eligible Employee” means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Company, any of its subsidiaries or any Invested Entity.

(13) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his personal representative(s), or, as appropriate, the grantee may exercise the Option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation, which date shall be the last day on which the grantee was at work with the Group or the Invested Entity, whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine.

(14) RIGHTS ON DISMISSAL

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition

with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his Option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

(15) RIGHTS ON BREACH OF CONTRACT

If the Directors shall at their absolute discretion determine that (a) (1) the grantee of any Option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part, or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (b) the Option granted to the grantee under the New Share Option Scheme shall lapse as a result of any event specified in sub-paragraphs (1), (2) or (3) above, his Option will lapse automatically on the date on which the Directors have so determined.

(16) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis; and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his Option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be.

(17) RIGHTS ON WINDING UP

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the option period referred to in paragraph (6) above, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and the Company shall allot and issue to the grant of the Shares in respect of which such grantee has exercised his Option not less than one Business Day before the date on which such resolutions to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(18) GRANTEE BEING A COMPANY WHOLLY OWNED BY ELIGIBLE PARTICIPANTS

If the grantee is a company wholly owned by one or more Eligible Participants:

- (aa) sub-paragraphs (12), (13), (14) and (15) shall apply to the grantee and to the Options to such grantee, *mutatis mutandis*, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (12), (13), (14) and (15) above shall occur with respect to the relevant Eligible Participant; and
- (bb) the Options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(19) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an Option remains exercisable,

such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares to which the New Share Option Scheme or any option relates (insofar as it is/they are unexercised) and/or the subscription price of the Option concerned and/or (unless the grantee of the Option elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option, provided that (a) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (b) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (c) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (d) any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(20) CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised must be subject to the prior written consent of the relevant grantee and approved of the Directors.

When the Company cancels any Option granted to a grantee but not exercised and issues new Option(s) to the same grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding the Options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraph (3) (c) and (d) above.

(21) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution at general meeting at any time terminate the operation of the New Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(22) RIGHTS ARE PERSONAL TO THE GRANTEE

An Option is personal to the grantee and shall not be transferable or assignable.

(23) LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period referred to in paragraph (6) above;
- (b) the expiry of the periods or dates referred to in paragraph (12), (13), (14), (15), (16), (17) and (18) above;
- (c) the date on which the Directors exercise the Company's right to cancel the option by reason of a breach of paragraph (22) above by the grantee.

(24) MISCELLANEOUS

- (a) The terms and conditions of the New Share Option Scheme relating to the matters set out in rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the Options except with the approval of the Shareholders in general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the terms of the New Share Option Scheme.
- (c) The amended terms of the New Share Option Scheme or the Options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (d) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme shall be approved by the Shareholders in general meeting.

(25) PRESENT STATUS OF THE NEW SHARE OPTION SCHEME**(a) Approval of the Listing Committee required**

The New Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any Options which may be granted under the New Share Option Scheme, such number being not less than that of the General Scheme Limit.

(b) Application of approval

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued within the General Scheme Limit pursuant to the exercise of Options which may be granted under the New Share Option Scheme.

(c) Grant of Option(s)

As at the Latest Practicable Date, no Options have been granted or agreed to be granted under the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of E-Rental Car Company Limited (the “**Company**”) will be held at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on Friday, 3 June 2016 at 11 a.m. to consider and, if thought fit, transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Directors**”) and the auditors (the “**Auditors**”) of the Company for the year ended 31 December 2015.
2. To consider the re-election of the following Directors, each as separate resolution:
 - (a) Ms Deng Shufen (鄧淑芬);
 - (b) Mr Ho Kin Cheong, Kelvin (何建昌);

and to authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors.

3. To consider the re-appointment of Ernst & Young as the Auditors for the year ending 31 December 2016 and to authorise the Board to fix the remuneration of the Auditors.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

4. To consider and, if thought fit, pass with or without amendments, each of the following resolutions as an Ordinary Resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all other applicable laws, the exercise by the directors (the “**Directors**”) of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (the “**Shares**”) of HK\$0.01 each in the share capital of the Company, and to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares in the Company allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined in paragraph (d) below);
 - (ii) the exercise of options granted under the share option scheme or similar arrangement for the time being adopted by the Company from time to time;
 - (iii) any scrip dividend or similar arrangements providing for allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association (the “**Articles of Association**”) of the Company and other relevant regulations in force from time to time; or

NOTICE OF ANNUAL GENERAL MEETING

- (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares;

shall not exceed 20% of the aggregate number of Shares in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution, the “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; or
 - (iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expenses or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors (the “**Directors**”) of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to buy-back the shares (the “**Shares**”) of HK\$0.01 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Stock Exchange for such purpose, and subject to and in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) and all other applicable laws as amended from time to time in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be bought back or agreed to be bought back by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate number of Shares in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable law of the Cayman Islands to be held; or
 - (iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“**THAT** conditional upon resolutions numbered 4 and 5 above being passed, the unconditional general mandate granted to the directors (the “**Directors**”) of the Company to allot, issue and deal with the unissued shares in the Company pursuant to resolution numbered 4 above be and it is hereby extended by the addition to the aggregate number of shares in the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Director pursuant to or in accordance with such general mandate of an amount representing the aggregate number of shares in the Company bought back by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.

7. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares of HK\$0.01 each in the capital of the Company (the “**Shares**”) falling to be allotted and issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to the Annual General Meeting and signed by the chairman of the Annual General Meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the Board be and is hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such steps as the Board may consider necessary or expedient to implement the New Share Option Scheme.”

Yours faithfully

By order of the Board

E-Rental Car Company Limited

Deng Shufen

Chairman and Executive Director

Hong Kong, 29 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Suites 3101-3105, 31st Floor
Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his/her/its proxy to attend and vote in his/her/its stead. A member who is the holder of two or more shares (the “**Shares**”) in the Company may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Meeting. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her/its attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Hong Kong branch share registrar and transfer office (the “**Branch Share Registrar**”) of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).
4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In relation to resolutions numbered 4 and 6 above, approval is being sought from the members of the Company for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued upon exercise of the subscription rights attached to the options granted under the share option scheme of the Company or any scrip dividend scheme which may be approved by the members of the Company.
6. In relation to resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to buy-back Shares in circumstances which they deem appropriate for the benefit of the members of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the circular of which this notice forms part.

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