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## **CHANGE IN USE OF PROCEEDS**

Reference is made to the announcement of EPI (Holdings) Limited (the “**Company**”) dated 12 November 2015, the circular of the Company dated 2 December 2015 and the prospectus of the Company dated 31 December 2015 (the “**Prospectus**”) in relation to a rights issue of shares of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

As disclosed in the above announcement, circular and the Prospectus, out of the net proceeds of HK\$503.7 million from the Rights Issue, the Company intended to apply (i) approximately HK\$134.4 million for the early repayment of the Company’s debts due in November 2016 and November 2017 by June 2016; (ii) approximately HK\$317 million for investments in solar power plants; and (iii) the remaining balance of approximately HK\$52.3 million for the general working capital of the Group. As at the date of this announcement, HK\$23.8 million has been applied towards the repayment of a loan in the principal amount of HK\$20 million due in February 2016 plus the repayment of loan interest of HK\$3.8 million incurred up to May 2016. While the Group has been evaluating potential solar power plant projects, no investment has yet been made as at the date of this announcement.

In order to better utilise the remaining amount of approximately HK\$110.6 million originally earmarked for early repayment of debts by June 2016 as mentioned above, the Board resolved on 7 June 2016 to repay the debts only when they become due in November 2016 and November 2017. In the meantime, such amount will be applied towards the operation of the money lending business of the Group until the Company’s debts fall due (the “**Reallocation**”). The loan portfolio for the money lending business will mainly contain loans for short term purposes. As at the date of this announcement, apart from the Reallocation, the other proposed use of net proceeds from the Rights Issue remains unchanged. However, the Board will review the investment strategy for the solar power projects from time to time and consider making appropriate adjustments if necessary.

\* for identification purposes only

The Board considers that the Reallocation is a more efficient deployment of the financial resources of the Group. The money lending business will be able to generate income to the Group, and the interest rate of the loans to be provided by the Group is expected to exceed the interest rate charged on the Company's debts. In view of the above, the Directors (including the independent non-executive Directors) consider the Reallocation is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

By Order of the Board  
**EPI (Holdings) Limited**  
**Tse Kwok Fai, Sammy**  
*Executive Director & CEO*

Hong Kong, 8 June 2016

*As at the date of this announcement, the Board comprises the non-executive chairman, namely Mr. Ho King Fung, Eric; three executive Directors, namely Mr. Tse Kwok Fai, Sammy (chief executive officer), Mr. Chan Chi Hung, Anthony and Mr. Zou Feng; a non-executive Director, namely Mr. Phen Chun Shing Vincent; and three independent non-executive Directors, namely Mr. Qian Zhi Hui, Mr. Teoh Chun Ming and Mr. Zhu Tiansheng.*