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**SUPPLEMENTAL PLACING AGREEMENT IN RELATION TO
THE PLACING OF HK\$62.1 MILLION CONVERTIBLE NOTES
UNDER GENERAL MANDATE**

PLACING AGENT



英皇證券(香港)有限公司
Emperor Securities Limited

SUPPLEMENTAL PLACING AGREEMENT

Reference is made to the announcement dated 19 August 2011 (“Previous Announcement”) in respect of the proposed issue of the Convertible Notes by the Company in an aggregate principal amount of HK\$62.1 million. Unless context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Previous Announcement.

On 26 August 2011, the Company and the Placing Agent entered into a supplemental placing agreement (the “Supplemental Placing Agreement”) whereby the parties agreed to amend the terms of the Convertible Notes set out in the Placing Agreement.

Reference is made to the Previous Announcement in respect of the proposed issue of the Convertible Notes by EPI (Holdings) Limited (the “**Company**”) in an aggregate principal amount of HK\$62.1 million. Unless context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Previous Announcement.

SUPPLEMENTAL PLACING AGREEMENT

On 26 August 2011, the Company and the Placing Agent entered into the Supplemental Placing Agreement whereby the parties agreed to amend the terms of the Convertible Notes set out in the Placing Agreement.

Date

26 August 2011

Parties

Issuer: the Company

Placing Agent: Emperor Securities Limited

Revised terms of the Convertible Notes

Set out below are the revised terms of the Convertible Notes pursuant to the Supplemental Placing Agreement.

Conversion Rights: The holder(s) of the Convertible Notes shall have the right at any time during the Conversion Period to convert the whole or part of the principal amount outstanding (in minimum amount of HK\$150,000 or whole multiple thereof) under the Convertible Notes at the Conversion Price into Conversion Shares. The holder(s) shall not exercise any Conversion Rights to such an extent that results or will result in (i) the holder(s) and person(s) acting in concert with it (within the meaning of the Takeover Code) holding or having more than 29% (or such percentage as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) of the then issued ordinary share capital of the Company or otherwise being obliged to make a general offer for the Shares in accordance the Takeover Code; or (ii) the Company in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public.

Notwithstanding the Conversion Rights of the holder(s) in respect of the Convertible Notes, at any time when the delivery of Shares deliverable upon conversion of the Convertible Notes is required to satisfy the Conversion Rights in respect of a Conversion Notice, and the number of the Minimum Conversion Shares is less than the number of the Conversion Shares, the Company shall pay to the holder(s) an amount of cash in Hong Kong dollars equal to the Cash Settlement Amount (as defined below) in order to satisfy the balance of such Conversion Rights (the other part being satisfied by the delivery of the Minimum Conversion Shares) (“Cash Settlement”). The Company shall pay the Cash Settlement Amount no later than the 30th day following the date of the Conversion Notice.

For the purpose of the above:

“**Conversion Notice**” means a written notice delivered to the Company by the holder(s) during the Conversion Period to exercise the Conversion Rights on any Business Day;

“**Conversion Shares**” means the Shares which would have to be issued by the Company upon exercise by the holder(s) of the Conversion Rights at the prevailing Conversion Price and a “Conversion Share” shall be construed accordingly;

“**Minimum Conversion Shares**” means the Shares to be issued by the Company upon exercise by the holder(s) of the Conversion Rights assuming the Conversion Price remains at HK\$0.15 per Share;

“**Cash Settlement Amount**” means:

$$(Q \times R) \times (100\% + S)$$

Where:

Q: the number of Shares deliverable upon exercise of the Conversion Rights in respect of the Convertible Notes to which the Conversion Notice applies less the Minimum Conversion Shares;

R: the prevailing Conversion Price; and

S: 30% premium calculated on a time pro-rata basis of (i) the period from the Issue Date up to and including the date of the Conversion Notice over (ii) the period from the Issue Date up to and including the Maturity Date.

Save and except the aforesaid amendments, the other major terms and conditions of the Placing Agreement and/or the terms of the Convertible Notes remain unchanged.

The Directors are of the view that the amendments to the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion of the Placing is conditional upon the conditions as disclosed in the Previous Announcement being fulfilled. The Company will inform Shareholders by way of announcement upon completion of the Placing.

For and on behalf of
EPI (Holdings) Limited
Wong Chi Wing, Joseph
Chairman

Hong Kong, 26 August 2011

As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Wong Chi Wing, Joseph, Mr. Chu Kwok Chi, Robert and Mr. Hong Kin Choy and three independent nonexecutive Directors, namely, Mr. Zhu Tiansheng, Mr. Qian Zhi Hui and Mr. Cheung Yuk Ming.

* *for identification purpose only*