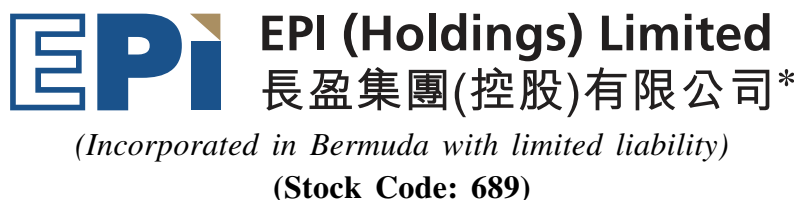


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CHANGE IN USE OF RIGHTS ISSUE PROCEEDS

The Board resolved on 8 November 2016 to change the use of the portion of the proceeds from the Rights Issue of approximately HK\$317.0 million originally intended for investments in solar power plant projects as to (i) approximately HK\$57.3 million for the repayment of the Loans and payment of accrued interest; (ii) approximately HK\$159.7 million for expansion of the Group's money lending business; and (iii) approximately HK\$100.0 million for securities investments.

Reference is made to the announcement dated 12 November 2015, the circular dated 2 December 2015 and the prospectus dated 31 December 2015 (the "**Prospectus**") issued by EPI (Holdings) Limited (the "**Company**") in relation to the rights issue of new shares of the Company on the basis of five rights shares for every share held on the record date (the "**Rights Issue**"), and the announcement of the Company dated 8 June 2016 (the "**Announcement**") in relation to the temporary reallocation of part of the proceeds from the Rights Issue. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless otherwise specified.

Reference is also made to the announcement dated 31 August 2016 and the offer document dated 21 September 2016 (the "**Offer Document**") issued by Billion Expo International Limited (the "**Offeror**") in relation to the voluntary conditional cash offers made by the Offeror to acquire all the issued Shares not already owned by the Offeror and parties acting in concert with it and to cancel all the outstanding Options (the "**Offers**"), and the announcement dated 2 November 2016 issued by the Offeror in relation to the close of the Offers.

PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the Prospectus, the Company intended to apply the net proceeds from the Rights Issue (the "**Proceeds**") in the amount of approximately HK\$503.7 million as to (i) approximately HK\$317.0 million for the proposed acquisition of solar power plant projects including professional fees and transaction costs attributable thereto; (ii) approximately HK\$134.4 million (the "**Loan Repayment Proceeds**") for the repayment by June 2016 of the principal amount of the Company's debts due within the next 24 months together with interests accrued thereon; and (iii) approximately HK\$52.3 million for general working capital of the Group.

* For identification purpose only

As disclosed in the Announcement, the Group had used approximately HK\$23.8 million of the Loan Repayment Proceeds as intended for the repayment of a short-term loan and the payment of certain interest accrued on the bank borrowings (the “**Loans**”) from China Development Bank Corporation Hong Kong Branch (the “**Lender**”). In order to better utilise the remaining portion of the Loan Repayment Proceeds of approximately HK\$110.6 million, the Board resolved on 7 June 2016 to repay the Loans only when they become due and in the meantime apply such amount towards the operation of the money lending business. In this connection, the Group commenced its money lending business in June 2016 and has granted a number of short-term loans to generate interest income.

RECENT DEVELOPMENT OF THE GROUP

On 7 November 2016, the Group repaid part of the outstanding principal together with accrued interests of the Loans in the amount of approximately HK\$25.2 million. As at the date of this announcement, the outstanding principal together with accrued interests of the Loans amounted to approximately HK\$142.7 million in total. The terms of the Loans include a covenant that requires Mr. Wu to continue to be a substantial Shareholder, failing which the Lender may terminate the loan facility and declare all the outstanding Loans together with accrued interest as immediately due and payable. Based on the disclosure of interest notice filed by Mr. Wu dated 28 October 2016, Mr. Wu has disposed of all his shareholding interest in the Company, being 437,129,850 Shares (representing approximately 10.01% of the existing issued share capital of the Company) held through his wholly-owned companies City Wise Investment Limited and City Smart International Investment Limited, and ceased to be a substantial Shareholder. Accordingly, the Company has notified the Lender of the cessation of Mr. Wu as a substantial Shareholder and agreed with the Lender to early repay all the outstanding principals together with accrued interests of the Loans.

In addition, the Offers closed on 2 November 2016. As disclosed in the Offer Document, the Offeror intended to conduct a review on the existing principal businesses and the financial position of the Group. In this regard, the directors of the Company nominated by the Offeror (the “**Directors**”) noted that the prospect of the solar power plant business under the current market condition is less promising than the Company had previously expected and that the Company has not identified any suitable solar power plant projects for investment yet as at the date hereof. In addition, after early repayment of the Loans, the remaining capital of the Group may not be sufficient for investment in solar power plant projects with reasonable scale. On the other hand, the Directors noted that the Group’s money lending business has been recording satisfactory results since its commencement and there had been increasing demand for such business. In light of these, the Directors intend to apply the remaining Proceeds to expand the Group’s loan portfolio so as to foster the growth of the money lending business and the Group will not proceed with any investments in solar power plant projects. In addition, the Group intends to invest part of the Proceeds in securities (including investments in listed equity securities, bonds, convertible notes and equity linked notes) so as to generate investment return for the Group.

CHANGE IN USE OF PROCEEDS

To accommodate the above, the Board resolved on 8 November 2016 to change the intended use of the Proceeds as follows:

	As disclosed in the Prospectus (HK\$' million)	Revised as at the date of this announcement (HK\$' million)
Repayment of the Loans together with interests for early repayment	23.8	191.7
Repayment of the Loans (used temporarily for money lending business as disclosed in the Announcement)	<u>110.6</u>	<u>–</u>
	134.4	191.7
Potential investments in solar power plant projects	317.0	–
Money lending business	–	159.7
Securities investments	–	100.0
General working capital	<u>52.3</u>	<u>52.3</u>
Total	<u><u>503.7</u></u>	<u><u>503.7</u></u>

The Board considers such changes would improve the gearing position of the Group and enhance the financial flexibility and capability of the Group to develop the money lending business and for securities investments, which are in the interests of the Company and its Shareholders as a whole.

By Order of the Board
EPI (Holdings) Limited
Sue Ka Lok
Chief Executive Officer

Hong Kong, 8 November 2016

As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Ms. Chan Yuk Yee, Mr. Yiu Chun Kong, Mr. Zhu Kai and Mr. Chan Shui Yuen; and three Independent Non-executive Directors, namely Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine.