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**PLACING OF EXISTING SHARES
AND
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**



Placing Agent

PLACING AND SUBSCRIPTION OF SHARES

On 9 May 2011 (after trading hours), the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place, through the Placing Agent, up to 1,280,000,000 Shares to independent investors at a price of HK\$0.05 per Share. The Placing Shares amount to approximately 6.59% of the existing issued share capital of the Company and approximately 6.18% of the share capital of 20,708,775,885 Shares as enlarged by the issue of Subscription Shares.

On 9 May 2011 (after trading hours), the Vendor also entered into the Subscription Agreement with the Company pursuant to which the Vendor has agreed to subscribe up to 1,280,000,000 new Shares at the price of HK\$0.05 per Share. The Subscription Shares amount to approximately 6.59% of the existing issued share capital of the Company and approximately 6.18% of the share capital of 20,708,775,885 Shares as enlarged by the Subscription.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 9 June 2010. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription.

The Placing is unconditional. The completion of the Subscription is conditional upon (i) the completion of the Placing and (ii) the granting of the listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange.

THE PLACING AGREEMENT DATED 9 MAY 2011

Vendor

The Vendor is City Wise Investment Limited, a company wholly-owned by South America Petroleum Investment Holdings Limited, a company beneficially wholly-owned by Mr. Wu Shaozhang. As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 4,056,998,323 Shares, representing approximately 20.88% of the existing issued share capital of the Company.

Placing Agent

The Placing Agent, Tai Shing Stock Investment Company Limited, and its ultimate beneficial owners are, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, Independent Third Parties. The Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Vendor, on a best effort basis, purchasers for the Placing Shares.

Independence of Placees

The placees (being not less than six independent individuals and/or institutional investors) will be independent of, not connected with the Company and the directors, chief executive and substantial shareholder of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules) and they (including their ultimate beneficial owners) will be independent of and not acting in concert with the Vendor and its concert parties. No individual Placee is expected to become a substantial Shareholder (as defined under the Listing Rules) immediately after completion of the Placing.

Placing Price

The Placing Price is HK\$0.05 per Share and represents:

- (i) a discount of 7.40% to the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on 9 May 2011, being the last trading day before the publication of this announcement; and
- (ii) a discount of 5.66% to the average of the closing price of the Shares of HK\$0.053 per Share quoted on the Stock Exchange for the five trading days up to and including 9 May 2011.

The Placing Price was arrived at after arm's length negotiation between the Company, the Vendor and the Placing Agent with reference to recent trading prices of the Shares. The Directors consider the Placing Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Number of Shares to be placed

Up to 1,280,000,000 Shares will be placed, through the Placing Agent on a best effort basis, to independent investors. The Placing Shares represent approximately 6.59% of the existing issued share capital of the Company and the Subscription Shares represent approximately 6.18% of the issued share capital of 20,708,775,885 Shares as enlarged by the Subscription.

Placing commission

The Placing Agent shall receive a placing commission of 0.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

Completion of the Placing

The Placing is unconditional. Completion will take place on the fourth business day on which the Shares are traded on the Stock Exchange after the date of this announcement or such other date as may be agreed between the parties.

THE SUBSCRIPTION AGREEMENT DATED 9 MAY 2011

Parties

Issuer: The Company

Subscriber: The Vendor

Number of new Shares to be subscribed

The Company has agreed to allot and issue, and the Vendor has conditionally agreed to subscribe for, such number of Subscription Shares (up to a maximum of 1,280,000,000 new Shares) which is equivalent to the number of the Placing Shares successfully placed under the Placing. The Subscription Shares, if subscribed in full, will amount to approximately 6.59% of the existing issued share capital of the Company and approximately 6.18% of the share capital of 20,708,775,885 Shares as enlarged by the issue of Subscription Shares (assuming that there is no change in its issued share capital from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

The aggregate nominal value of the 1,280,000,000 Subscription Shares is HK\$12,800,000.

Subscription price

The subscription price for the Subscription Shares is HK\$0.05 per Subscription Share which is same as the Placing Price. The Company will bear all costs and expenses incurred in connection with the Subscription and reimburse the Vendor for all costs and expenses incurred by it in connection with the Placing and the Subscription.

The subscription price was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

The Directors consider that the terms of the Subscription are fair and reasonable under the current market condition and in the interest of the Company and its shareholders as a whole.

Mandate to issue the Subscription Shares

The Subscription Shares under the Subscription will be issued and allotted under the general mandate granted to the Directors at the annual general meeting of the Company held on 9 June 2010 for 2,206,966,299 Shares. The Company has issued 920,000,000 Shares pursuant to such general mandate on 3 January 2011 since it was granted.

Ranking of the Subscription Shares

The Subscription Shares when fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue on the completion date of the Subscription.

Condition of the Subscription

The Subscription is conditional upon:

- (i) the completion of the Placing; and
- (ii) the granting of the listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange.

In the event that the conditions are not fulfilled on or before 23 May 2011 (or such later date as the parties may mutually agree) the rights and obligations of the parties under the Subscription Agreement shall cease and be of no further effect, in which event the parties thereto shall be released from such obligations without any liability save as to any antecedent breach and provided that any right or remedies which shall have accrued shall not be prejudiced or affected. None of the above conditions can be waived.

As the Subscription is subject to the fulfillment of a number of conditions, the Subscription may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Completion

Completion of the Subscription will take place within two business days after the above conditions have been fulfilled unless the Vendor and the Company shall otherwise agree in writing. Under Rule 14A.31(3)(d) of the Listing Rules, completion of the Subscription is required to take place within 14 days after the date of the Placing Agreement otherwise independent Shareholders' approval would be required for the Subscription.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting of the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE PLACING AND SUBSCRIPTION

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading of petroleum related products, and petroleum exploration and production in Argentina.

The Directors consider the Placing and Subscription offers a good opportunity for the Company to raise further capital, to broaden its shareholders' and capital base as well as to strengthen the financial position of the Group.

Assuming all the Placing Shares are successfully placed by the Placing Agent and the Subscription becoming unconditional, the gross proceeds of the Subscription will be approximately HK\$64 million and the net proceeds will be approximately HK\$63 million after deducting all related expenses (including professional advisors fees and printing costs). The Company intends to apply the net proceeds as general working capital and to finance the Mendoza oil project of the Group. The net price to be raised per Share from the Subscription will be approximately HK\$0.049 per Share.

The Directors consider that the terms of Placing Agreement and the Subscription Agreement are fair and reasonable and they are in the interests of the Company and its Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
22 December 2010	Top up placing and subscription of 920,000,000 new Shares	HK\$61.7 million	To be used for general working capital and future business development of the Group	HK\$48.4 million has been used for financing the Mendoza oil project and approximately HK\$13.3 million was used as general working capital

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding 9 May 2011, being the last trading day before the publication of this announcement.

EFFECT ON SHAREHOLDING

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing (assuming all Placing Shares are sold) but before completion of the Subscription; and (iii) after the completion of the Placing and the Subscription (in each case assuming that there is no other change in the issued share capital of the Company from the date of this announcement except for the issue of Subscription Shares) will be as follows:

	Existing Number of Shares		Immediately after completion of the Placing but before the Subscription % Number of Shares		Immediately after completion of the Placing and the Subscription % Number of Shares	
The Vendor (<i>Note 1</i>)	3,982,329,755	20.50	2,702,329,755	13.91	3,982,329,755	19.23
City Smart International Investment Limited (<i>Note 2</i>)	<u>74,668,568</u>	<u>0.38</u>	<u>74,668,568</u>	<u>0.38</u>	<u>74,668,568</u>	<u>0.36</u>
The Vendor together with parties acting in concert with it	4,056,998,323	20.88	2,776,998,323	14.29	4,056,998,323	19.59
Rich Concept Worldwide Limited (<i>Note 3</i>)	1,258,108,277	6.48	1,258,108,277	6.48	1,258,108,277	6.08
Mr. Wong Chi Wing Joseph	58,966,000	0.30	58,966,000	0.30	58,966,000	0.29
Mr. Chu Kwok Chi Robert	338,529,383	1.74	338,529,383	1.74	338,529,383	1.63
Placees	–	–	1,280,000,000	6.59	1,280,000,000	6.18
Other Public Shareholders	13,716,173,902	70.60	13,716,173,902	70.60	13,716,173,902	66.23
Total	<u>19,428,775,885</u>	<u>100.00</u>	<u>19,428,775,885</u>	<u>100.00</u>	<u>20,708,775,885</u>	<u>100.00</u>

Notes:

- (1) The Vendor is a company wholly-owned by South America Petroleum Investment Holdings Limited, a company beneficially wholly-owned by Mr. Wu Shaozhang.
- (2) City Smart International Investment Limited is a company beneficially wholly-owned by Mr. Wu Shaozhang
- (3) The entire share capital of Rich Concept Worldwide Limited is beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company.

TERMS USED IN THIS ANNOUNCEMENT

“Acting in concert”	has the meaning ascribed to it under The Hong Kong Code on Takeovers and Mergers
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the securities of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Parties”	parties who are independent of the Company and its connected persons and are not connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Tai Shing Stock Investment Company Limited
“Placing Agreement”	the placing agreement dated 9 May 2011 entered into between the Vendor and Placing Agent in relation to the placing of up to 1,280,000,000 existing Shares at a placing price of HK\$0.05 per Share
“Placing Price”	HK\$0.05 per Placing Share
“Placing Shares”	up to 1,280,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing
“Shares”	ordinary shares of HK\$0.01 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of up to 1,280,000,000 new Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 9 May 2011 entered into between the Vendor and the Company for the subscription of up to 1,280,000,000 new Shares by the Vendor
“Subscription Price”	HK\$0.05 per Subscription Share
“Subscription Shares”	such number of Subscription Shares (up to a maximum of 1,280,000,000 new Shares) which is equivalent to the number of Placing Shares actually sold by the Vendor under the Placing

“Vendor”

City Wise Investment Limited, a company wholly-owned by South America Petroleum Investment Holdings Limited, which in turn is a company beneficially wholly-owned by Mr. Wu Shaozhang.

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

“%”

per cent.

By order of the Board

EPI (Holdings) Limited

Wong Chi Wing Joseph

Chairman

Hong Kong, 9 May 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 two independent non-executive Directors, namely, Mr. Zhu Tiansheng and Mr. Qian Zhi Hui.

* *for identification purpose only*