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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 689)**

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

**Financial Adviser to the Company**



**英皇融資有限公司**  
**Emperor Capital Limited**

**Placing Agent**



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

**PLACING AND SUBSCRIPTION OF SHARES**

On 22 December 2010 (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 920,000,000 Shares to independent investors at a price of HK\$0.0675 per Share. The Placing Shares amount to approximately 4.96% of the existing issued share capital of the Company and approximately 4.73% of the share capital of 19,451,895,885 Shares as enlarged by the Subscription.

On 22 December 2010 (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 920,000,000 new Shares at the price of HK\$0.0675 per Share. The Subscription Shares amount to approximately 4.96% of the existing issued share capital of the Company and approximately 4.73% of the share capital of 19,451,895,885 Shares as enlarged by the Subscription.

The Placing is unconditional, but 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 22 DECEMBER 2010**

### **Vendor**

The Vendor is Rich Concept Worldwide Limited, a company beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company. As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 1,635,603,660 Shares, representing approximately 8.83% of the existing issued share capital of the Company.

### **Placing Agent**

The Placing Agent, Emperor Securities Limited, and its ultimate beneficial owners are, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, are Independent Third Parties.

### **Independence of Placees**

The placees (being not less than six independent individuals and/or institutional investors) are 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) are 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\$0.0675 per Share and represents:

- (i) a discount of 10.0% to the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on 22 December 2010, being the last trading day before the publication of this announcement; and
- (ii) a discount of 8.04% to the average of the closing price of the Shares of HK\$0.0734 per Share quoted on the Stock Exchange for the five trading days up to and including 22 December 2010.

The Placing Price was arrived at after arm's length negotiation between the Company, the Vendor and the Placing Agent. 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 920,000,000 Shares will be placed, through the Placing Agent, to independent investors. The Placing Shares represent approximately 4.96% of the existing issued share capital of the Company and the Subscription Shares represent approximately 4.73% of the issued share capital of 19,451,895,885 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 22 DECEMBER 2010**

### **Parties**

Issuer:           The Company

Subscriber:   The Vendor

### **Number of new Shares to be subscribed**

The Vendor has conditionally agreed to subscribe for such number of new Shares as is equal to the number of the Placing Shares successfully placed. As such, up to 920,000,000 new Shares will be subscribed by the Vendor, which amount to approximately 4.96% of the existing issued share capital of the Company and approximately 4.73% of the share capital of 19,451,895,885 Shares as enlarged by the Subscription.

### **Subscription price**

The subscription price for the Subscription Shares is HK\$0.0675 per Share and is equal to 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 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 not issued any Shares pursuant to such general mandate 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 5 January 2011 (or such later date as the parties may mutually agree) the rights and obligations of the parties under this Agreement shall cease and be of no further effect, in which event the parties hereto 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 on or before 5 January 2011, being 14 days after the date of the Placing Agreement. 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 sourcing and trading of non ferrous metals, sourcing and trading of consumer electronics products, and petroleum exploration and production in Argentina.

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

The gross proceeds of the Subscription will be approximately HK\$62.1 million and the net proceeds will be approximately HK\$61.7 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 future business development of the Group. The net price to be raised per Share from the Subscription will be approximately HK\$0.0671 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**

<b>Date of announcement</b>	<b>Capital raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
15 April 2010	Top up placing and subscription of 1,390,000,000 new Shares	HK\$244 million	To be used for general working capital (including but not limited to financing the Mendoza project as disclosed in the circular of the Company dated 8 October 2009)	HK\$244 million has been used for financing the Mendoza project

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding 22 December 2010, 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 but before completion of the Subscription; and (iii) after the completion of the Placing and the Subscription will be as follows:

	Existing		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor ( <i>Note 1</i> )	1,258,108,277	6.79	338,108,277	1.82	1,258,108,277	6.47
Wong Chi Wing Joseph	38,966,000	0.21	38,966,000	0.21	38,966,000	0.20
Chu Kwok Chi Robert	338,529,383	1.83	338,529,383	1.83	338,529,383	1.74
The Vendor together with parties acting in concert with it	1,635,603,660	8.83	715,603,660	3.87	1,635,603,660	8.41
City Wise Investment Limited ( <i>Note 2</i> )	3,982,329,755	21.49	3,982,329,755	21.49	3,982,329,755	20.47
City Smart International Investment Limited ( <i>Note 3</i> )	74,668,568	0.40	74,668,568	0.40	74,668,568	0.38
Poon Kwok Shin Edmond ( <i>Note 4</i> )	2,000,000	0.01	2,000,000	0.01	2,000,000	0.01
Shares repurchased but not yet cancelled ( <i>Note 5</i> )	23,120,000	0.12	23,120,000	0.12	23,120,000	0.11
Placees	–	–	920,000,000	4.96	920,000,000	4.73
Other Public Shareholders	12,814,173,902	69.15	12,814,173,902	69.15	12,814,173,902	65.89
Total	18,531,895,885	100.00	18,531,895,885	100.00	19,451,895,885	100.00

Notes:

- (1) The Vendor is a company beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company.
- (2) City Wise Investment Limited is a company wholly-owned by South America Petroleum Investment Holdings Limited, a company beneficially wholly-owned by Mr. Wu Shaozhang.
- (3) City Smart International Investment Limited is a company beneficially wholly-owned by Mr. Wu Shaozhang.
- (4) Mr. Poon Kwok Shin Edmond is the independent non-executive Director.
- (5) The Company had repurchased 7,680,000 Shares on 17 November 2010, 5,440,000 Shares on 22 November 2010 and 10,000,000 Shares on 23 November 2010 respectively and not yet cancelled.

## TERMS USED IN THIS ANNOUNCEMENT

“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 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”	Emperor Securities Limited
“Placing Agreement”	the placing agreement dated 22 December 2010 entered into between the Vendor and Placing Agent in relation to the placing of up to 920,000,000 existing Shares at a placing price of HK\$0.0675 per Share
“Placing Price”	HK\$0.0675 per Placing Share
“Placing Shares”	up to 920,000,000 existing Shares 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 920,000,000 new Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 22 December 2010 entered between the Vendor and the Company for the subscription of up to 920,000,000 new Shares by the Vendor
“Subscription Price”	HK\$0.0675 per Subscription Share
“Subscription Shares”	the 920,000,000 new Shares to be issued to the Vendor pursuant to the Subscription Agreement
“Vendor”	Rich Concept Worldwide Limited, a company beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company

“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, 22 December 2010

*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. Zhou Jacky, one non-executive Director, namely Mr. Leung Hon Chuen and three independent non-executive Directors, namely, Mr. Zhu Tiansheng, Mr. Qian Zhi Hui and Mr. Poon Kwok Shin, Edmond.*

*\* for identification purpose only*