

This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 14 October 2011 (after trading hours), City Wise has transferred 80,000,000 Shares, legal and beneficially interested by it, to Mr. Lui at the Placing Price. Also on 14 October 2011 (after trading hours), the Company entered into the Subscription Agreement with City Wise pursuant to which City Wise will subscribe for the Subscription Shares comprising up to 80,000,000 new Shares, at the Placing Price.

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. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares are to be issued under the General Mandate.

The Placing Price was arrived at after arm's length negotiations between City Wise and Mr. Lui. The Directors consider that the Placing Price, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent approximately 3.86% of the existing issued share capital of the Company and represent approximately 3.72% of the issued share capital of the Company as enlarged by the allotment and issue of the 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 net proceeds of the Subscription will be approximately HK\$13.56 million. The Directors intend to apply the net proceeds as to HK\$11.36 million for financing the Mendoza oil project and as to the balance of HK\$2.2 million as general working capital of the Group.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

A. THE PLACING

On 14 October 2011 (after the trading hours), City Wise transferred 80,000,000 Shares, legally and beneficially interested by it, to Mr. Lui at the Placing Price.

Information on City Wise

City Wise is a substantial Shareholder (as defined under the Listing Rules) and is the beneficial owner of 398,232,975 Shares, which represent approximately 19.23% of the existing issued share capital of the Company as at the date of this announcement. City Wise is a company wholly-owned by South America Petroleum Investment Holdings Limited, which is beneficially wholly-owned by Mr. Wu Shaozhang.

Information on Mr. Lui

The Placing Shares has been transferred by City Wise to Mr. Lui on 14 October 2011 (after trading hours). Save that: (1) Mr. Lui and his spouse are holding a total of 6,920,000 Shares as at the date of this announcement; and (ii) each of Mr. Lui and his spouse has been granted 20,000,000 options (i.e. 40,000,000 options in total) by the Company to each subscribe for up to 20,000,000 ordinary shares (i.e. 40,000,000 ordinary shares in total) of HK\$0.1 each in the share capital of the Company pursuant to the share option scheme adopted by on 6 November 2006, as refreshed on 11 July 2011 (details of which are disclosed under the announcement of the Company dated 11 October 2011), Mr. Lui and his associates (as defined in the Listing Rules) are Independent Third Parties. As at the date of this announcement, the above share options have not been exercised by Mr. Lui and his spouse. Neither Mr. Lui nor his spouse will become a substantial shareholder of the Company immediately after completion of the Placing and the Subscription.

Number of Placing Shares

The number of Placing Shares is 80,000,000 Shares. The Placing Shares represent approximately 3.86% of the existing issued share capital of the Company and approximately 3.72% of the issued share capital of the Company as enlarged by the allotment and issue of the 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).

Placing Price

The Placing Price represents:

- (i) a discount of approximately 5.2% of the closing price of HK\$0.192 per Share as quoted on the Stock Exchange on 14 October 2011, being the date of entering into of the Subscription Agreement;

(ii) a premium of approximately 15.19% of the average closing price of HK\$0.158 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 14 October 2011; and

The Placing Price was arrived at after arm's length negotiations between City Wise, the Company and Mr. Lui with reference to recent trading prices of the Shares. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares has been sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the date of the completion of the Placing.

Conditions of the Placing

The Placing is unconditional.

Completion

Completion of the Placing has been taken place on the date of the Subscription Agreement (after trading hours).

B. THE SUBSCRIPTION

THE SUBSCRIPTION AGREEMENT DATED 14 OCTOBER 2011

Parties:

Issuer: the Company

Subscriber: City Wise

Number of Subscription Shares

Immediately after completion of the Placing, the shareholding of City Wise will be reduced to 318,232,975 Shares, representing approximately 15.37% of the existing issued share capital of the Company before completion of the Subscription. The Company has agreed to allot and issue, and City Wise has conditionally agreed to subscribe for, the Subscription Shares (i.e. 80,000,000 new Shares) which is equivalent to the number of the Placing Shares placed under the Placing. The Subscription Shares, if subscribed in full, will amount to approximately 3.86% of the existing issued share capital of the Company and approximately 3.72% of the issued share capital of the Company

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).

Subscription Price

The subscription price is HK\$0.182 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse City Wise all costs and expenses incurred by City Wise in respect of the Placing and the Subscription.

The Subscription Price was determined after arm's length negotiations between the Company and City Wise with reference to the Placing Price. The Directors consider that the Subscription Price is fair and reasonable under the current market condition and in the interest of the Company and the Shareholders as a whole.

The aggregate nominal value of the Subscription Shares is HK\$8,000,000.

Mandate to issue the Subscription Shares

The Subscription Shares under the Subscription will be issued and allotted under the General Mandate. The Company has not issued any Shares pursuant to the 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 26 October 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 City Wise 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 THE PLACING AND THE 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 offers a good opportunity for the Company to raise further capital and broaden the shareholder base of the Company thereby increasing the liquidity of the Shares. Assuming the Subscription become unconditional, the gross proceeds of the Subscription will be approximately HK\$14.56 million and the net proceeds will be approximately HK\$13.56 million after deducting all related expenses (including professional fees). The Company intends to apply the net proceeds as to HK\$11.36 million for financing the Mendoza oil project and as to the balance of HK\$2.2 million as general working capital of the Group. The net price to be raised per Share from the Subscription will be approximately HK\$0.17 per Share.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and City Wise and that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the 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
19 August 2011	Placing of convertible notes	HK\$60 million	To be used for financing the Mendoza oil project and for general working capital of the Group	HK\$28.5 million has been used for financing the Mendoza oil project and approximately HK\$31.5 million was used as working capital
9 May 2011	Top up placing and subscription of 1,280,000,000 new Shares of HK\$0.01 each in the share capital of the Company (equivalent to 128,000,000 Shares after the share consolidation of the Company which became effective on 23 June 2011, under which every 10 shares of the Company of HK\$0.01 each were consolidated into one share	HK\$63 million	To be used for general working capital and future business development of the Group	HK\$37.6 million has been used for financing the Mendoza oil project and approximately HK\$25.4 million was used as working capital

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 14 October 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 but before the 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	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	%
City Wise (<i>Note 1</i>)	398,232,975	19.23	318,232,975	15.37	398,232,975
City Smart International					
Investment Limited (<i>Note 2</i>)	7,466,856	0.36	7,466,856	0.36	7,466,856
Rich Concept Worldwide					
Limited (<i>Note 3</i>)	125,810,827	6.08	125,810,827	6.08	125,810,827
Mr. Wong Chi Wing Joseph	5,896,600	0.29	5,896,600	0.29	5,896,600
Mr. Chu Kwok Chi Robert	33,852,938	1.63	33,852,938	1.63	33,852,938
Mr. Lui (<i>Note 4</i>)	6,920,000	0.33	86,920,000	4.19	86,920,000
Other Public Shareholders	1,492,697,392	72.08	1,492,697,392	72.08	1,492,697,392
Total	2,070,877,588	100.00	2,070,877,588	100.00	2,150,877,588

Notes:

- (1) City Wise 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 and Chief Executive Officer of the Company.
- (4) Mr. Lui and his spouse have each been granted 20,000,000 share options by the Company. Such options have not been exercised as at the date of this announcement.

TERMS USED IN THIS ANNOUNCEMENT

“Board”	the board of Directors
“City Wise”	City Wise Investment Limited, a substantial shareholder of the Company and a company beneficially wholly-owned by Mr. Wu Shaozhang
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the securities of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the special general meeting of the Company held on 29 September 2011, pursuant to which a maximum of 414,175,517 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third parties who are not connected person(s) (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lui”	Mr. Lui Chi Yuen, an Independent Third Party
“Placing”	the placing of the Placing Shares by City Wise to Mr. Lui
“Placing Price”	HK\$0.182 per Placing Share
“Placing Shares”	80,000,000 Shares which are beneficially owned by City Wise and has been placed to Mr. Lui on 14 October 2011
“Shares”	ordinary shares of HK\$0.1 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by City Wise pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 October 2011 and entered into between the Company and City Wise in respect of the Subscription
“Subscription Price”	HK\$0.182 per Subscription Share
“Subscription Shares”	80,000,000 new Shares for which City Wise has conditionally agreed to subscribe pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 14 October 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 non-executive Directors, namely, Mr. Zhu Tiansheng, Mr. Qian Zhi Hui and Mr. Cheung Yuk Ming.

* for identification purpose only