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PLACING OF NEW SHARES WITH UNLISTED WARRANTS ATTACHED UNDER SPECIAL MANDATE

Financial Adviser



Odysseus Capital Asia Limited

Placing Agent



Lippo Securities Limited

The Board announced that on 21 January 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to place 125,000,000 Placing Shares to not less than six Placee(s) who are Independent Third Parties at a price of HK\$0.18 per Placing Share on a best efforts basis. In addition, the Company will issue non-listed Warrants, on the basis of 5 Warrants for each Placing Share issued, at no initial issue price, entitling the holder of each Warrant to subscribe for one new Share, at an exercise price of HK\$0.20 at any time for a period of three years from the date of issue of such Warrant. Upon completion of the Placing, the total number of Placing Shares and Warrant Shares, if exercised in full, will be equivalent to approximately 23.96% of the existing issued share capital of the Company and also equivalent to approximately 19.33% of the issued share capital as enlarged by the issue of Placing Shares and the Warrant Shares.

The Placing Shares represent approximately 3.99% of the existing issued share capital of the Company and approximately 3.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.18 per Placing Share represents:

- (i) a discount of approximately 5.26% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 3.74% to the average of the closing price per Share of HK\$0.187 as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day.

Completion of the Placing is subject to the satisfaction of certain conditions as described below, among others, the Stock Exchange granting listing of, and permission to deal in, the Placing Shares and the Warrant Shares. If any of these conditions are not fulfilled, the Placing will not proceed.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Placing Shares are to be issued under the Special Mandate to be granted to the Directors at a special general meeting of the Company to be held in or about February 2013.

The net proceeds of the Placing, after deduction of the placing commission and other related expenses, will be approximately HK\$21.60 million. The Warrant Shares represent approximately 19.97% of the existing issued share capital of the Company and equivalent to approximately 16.11% of the issued share capital of the Company after the allotment and issue of the Placing Shares and Warrant Shares, assuming there are no further changes in the issued share capital of the Company prior to such exercise. The net proceeds from the exercise of all of the Warrants will be approximately HK\$123 million. The Directors intend to apply the net proceeds as general working capital of the Group.

Shareholders and potential investors should note that Placing Completion is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 21 January 2013

Parties

The Company: EPI (Holdings) Limited

Placing Agent: Lippo Securities Limited, an Independent Third Party, being the placing agent

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners (i) are not concert parties with the controlling shareholder(s) (if any) of the Company (as defined in the Takeovers Code); (ii) are not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates; and (iii) will not become substantial Shareholder(s) immediately after the Placing Completion.

Number of Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for 125,000,000 Placing Shares at the Placing Price, representing approximately 3.99% of the issued share capital of the Company as at the date of this announcement and approximately 3.84% of the Company's issued share capital as enlarged by the issue of Placing Shares under the Placing Completion. The aggregate nominal value of the Placing Shares is HK\$12,500,000.

Placing price

The Placing Price of HK\$0.18 per Placing Share represents:

- (i) a discount of approximately 5.26% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 3.74% to the average of the closing price of approximately HK\$0.187 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Placing commission

The Company shall pay the Placing Agent upon Placing Completion a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed by the Placing Agent.

The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

Condition precedent

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares and the Warrant Shares; and
- (ii) the obtaining by the Company and/or the Placing Agent of any other approval as may be required for the Placing (including, without limitation, the passing of a resolution by the Shareholders at a special general meeting of the Company to approve the issue of the Placing Shares, the Warrants and the Warrant Shares).

The Placing Agreement shall automatically cease and terminate if the conditions set forth above remain unfulfilled by 30 April 2013 or such other date as may be mutually agreed by both the Company and the Placing Agent in writing and in such event either party shall have no claim against each other, save for any antecedent breach arising prior to such termination.

Placing Completion

The Placing Completion shall take place as soon as practicable by the 10th Business Day after the Placing Agreement having become unconditional (or any other date as the parties may agree in writing).

Ranking of the Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of Placing Completion save that the Placing Shares shall not be entitled to any dividends and distributions declared by the Company the record date for entitlement of which shall fall on a date before the date of the Placing Completion.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Warrant Shares.

Termination

The Placing Agreement may be terminated by either party in its reasonable opinion without liability to the other party, if at any time before the date of Placing Completion, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence not reasonably predictable by either party which may, in the reasonable opinion of such party, materially and adversely affect the business or the financial or trading position or prospect of the Company; or
- (ii) the occurrence of any local or national event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local or national outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of such party, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the Placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or such party to proceed with the Placing; or
- (iv) the Company or the Placing Agent commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (v) any adverse change in the business, financial or trading position of the Company or the Placing Agent which is material to the Placing; or
- (vi) either party shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement by the other party was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated such party shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

DETAILS OF THE WARRANTS

Warrants:	625,000,000 non-listed transferable warrants to be issued, on the basis of 5 Warrants for each Placing Share issued, at no initial issue price, entitling the holder of each Warrant to subscribe for one new Share at the exercise price of HK\$0.20 (subject to adjustment) at any time for a period of three years from the date of issue of each Warrant.
Warrant Shares:	For each Warrant which is exercised, the Company shall allot and issue one Warrant Share. If all of the Warrants are exercised, the 625,000,000 new Warrant Shares will be equivalent to approximately 19.97% of the existing issued share capital of the Company and equivalent to approximately 16.11% of the issued share capital of the Company after the allotment and issue of the Placing Shares and Warrant Shares, assuming there are no further changes in the issued share capital of the Company prior to such exercise.
Exercise price:	<p>The exercise price of HK\$0.20 per Warrant, subject to adjustment, was determined after arm's length negotiations between the Company and the Placing Agent and represents:</p> <ul style="list-style-type: none">(i) a premium of approximately 5.26% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day; and(ii) a premium of approximately 6.95% to the average closing price of approximately HK\$0.187 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares prior to the Last Trading Day.
Warrantholders:	The Warrants shall be granted to the subscribers of the Placing Shares on the basis of five Warrants for each Placing Share.
Other details:	
Placing Agent:	<p>Lippo Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).</p> <p>The Placing Agent is an Independent Third Party. The Placing Agent will in aggregate receive a placing commission of 2.5% of the amount equal to the Placing Price per Placing Share multiplied by the number of Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement.</p>

Ranking of the Placing Shares and the Warrant Shares: The Placing Shares and the Warrant Shares (as the case may be), when issued and fully paid up, will rank pari passu in all respects with the Shares in issue at the time of allotment and issue of the Placing Shares and the Warrant Shares (as the case may be).

Application for listing: Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares and the Warrant Shares on the Stock Exchange.

Exercise Price

The exercise price is HK\$0.20 per Warrant Share, subject to adjustment based on the prescribed formulas as set out in the instrument creating the Warrants for the happening of, among others, the following customary adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution other than the issue of Shares to the Shareholders credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, pursuant to a reduction or redemption of share capital or otherwise;
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price of the Shares on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons) being made by the Company to the Shareholders;
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 80% of the market price of the Shares on the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders or other persons), or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of such market price;
- (vii) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares on the date of the announcement of the issue; and

- (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognized stock exchange, being a stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the exercise price.

Every adjustment to the exercise price shall be certified by the auditors of the Company or an approved merchant bank.

Rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Transferability

The Warrants are transferable in integral multiples of 25,000,000 Warrants to any person other than a connected person (as defined in the Listing Rules). In the event of a transfer of Warrants to a connected person (as defined in the Listing Rules), prior approval from the Company and the Stock Exchange should be obtained.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of Announcement	Fund Raising Activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
28 June 2012	Placing of 110,000,000 new Shares	HK\$16.4 million	To be used for general working capital of the Group	use as intended
28 June 2012	Top-up placing and subscription of 250,000,000 new Shares	HK\$37.2 million	To be used for general working capital of the Group	use as intended
25 April 2012	Top up placing and subscription of 330,000,000 new Shares	HK\$47 million	To be used for general working capital of the Group	use as intended

Save for the fund raising activities disclosed above, the Company had not carried out any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR AND BENEFITS OF THE SHARE PLACING AND WARRANT ISSUE AND USE OF PROCEEDS

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 offer good opportunities to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group.

Assuming the Placing becomes unconditional, the aggregate gross proceeds of the Placing will be approximately HK\$22.50 million and the net proceeds will be approximately HK\$21.60 million after deducting all related expenses (including professional advisors fees and printing costs but excluding any exercise of the subscription rights attaching to the Warrants) and the net proceeds from the full exercise of the subscription rights attaching to the Warrants will amount to approximately HK\$123 million. The Company intends to apply the net proceeds from the Placing, together with the proceeds from the issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants, as general working capital of the Group. The net price to be raised per Share from Placing will be approximately HK\$0.173 per Share.

Based on the above, the Directors consider that the terms of Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Warrant Shares does not exceed 20% of the issued share capital of the Company. As at the date of this announcement, there are no other securities issued which confer any other subscription rights in the Shares.

EFFECTS ON SHAREHOLDING

The shareholding structure of the Company as at the date of this announcement and immediately after the Placing Completion is as follows:

Name of Shareholder	Shareholding immediately before the Placing Completion		Shareholding immediately after the Placing Completion		Shareholding immediately after the Placing Completion and assuming exercise of Warrants in full	
	No. of Shares	Approx. % of issued Shares	No. of Shares	Approx. % of issued Shares	No. of Shares	Approx. % of issued Shares
City Wise Investment Limited (Note 1)	398,232,975	12.72	398,232,975	12.23	398,232,975	10.26
City Smart International Investment Limited (Note 2)	7,466,856	0.24	7,466,856	0.23	7,466,856	0.19
Mr. Chu Kwok Chi Robert	33,852,938	1.08	33,852,938	1.04	33,852,938	0.87
Placees	–	–	125,000,000	3.84	750,000,000	19.33
Other Public Shareholders	2,690,824,819	85.96	2,690,824,819	82.66	2,690,824,819	69.35
	<u>3,130,377,588</u>	<u>100.00</u>	<u>3,255,377,588</u>	<u>100.00</u>	<u>3,880,377,588</u>	<u>100.00</u>

Notes:

- (1) City Wise Investment Limited is a substantial shareholder of the Company and 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.

GENERAL

A special general meeting will be held to consider and, if thought fit, passing the resolutions to approve the issue of the Placing Shares and the issue of the Warrants and the Warrant Shares.

A circular containing, among other things, further details of the Share Placing and Warrant issue together with the notice of the special general meeting will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

To the best of the Directors' information, no Director or Shareholder has a material interest in the Placing or the Warrant issue and no Shareholder is required to abstain from voting at the special general meeting.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks in Hong Kong are generally open for business
“Company”	EPI (Holdings) Limited, a limited liability company incorporated in Bermuda and the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	21 January 2013, being the last trading day for the Shares immediately prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	institutional, professional and/or individual investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of 125,000,000 new Shares pursuant to the terms of the Placing Agreement

“Placing Agent”	Lippo Securities Limited
“Placing Agreement”	the conditional placing agreement dated 21 January 2013 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Placing Price”	HK\$0.18 per Placing Share
“Placing Shares”	125,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Special Mandate”	the special mandate to be granted to the Directors by the Shareholders pursuant to an ordinary resolution to be passed at a special general meeting to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong
“Warrants”	an aggregate of 625,000,000 non-listed transferable warrants to be issued, on the basis of 5 Warrants for each Placing Share issued, at no initial issue price, entitling the holder of each Warrant to subscribe for one new Share at the exercise price of HK\$0.20 (subject to adjustment) at any time for a period of three years from the date of issue of each Warrant
“Warrant Shares”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants
“%”	per cent

By order of the Board
EPI (Holdings) Limited
Chu Kwok Chi Robert
Executive Director & CEO

Hong Kong, 21 January 2013

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

** for identification purpose only*