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PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



After the trading hours of the Stock Exchange on 22 July 2013, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, up to 650,000,000 new Shares to not less than six independent Placees at a price of HK\$0.190 per Placing Share.

Pursuant to the Placing Agreement, a maximum of 650,000,000 Placing Shares will be placed by the Placing Agent to the Placees on a best effort basis, representing approximately 19.82% of the existing issued share capital of the Company and approximately 16.54% of the issued share capital of the Company as enlarged by the Placing.

The maximum gross proceeds from the Placing will be HK\$123.5 million. After taking into account the placing commission and other expenses incurred in connection with the Placing, the maximum net proceeds are expected to be approximately HK\$118.6 million, which will be applied as to (i) approximately HK\$14.0 million for the repayment of the Company's debts; (ii) approximately HK\$20.0 million for the professional fees incurred in the feasibility study of the potential merger and acquisition project(s); and (iii) the remaining balance of approximately HK\$84.6 million for general working capital of the Group.

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

* for identification purpose only

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THE PLACING AGREEMENT

Date

22 July 2013

Parties

Issuer: The Company

Placing Agent: Convoy Investment Services Limited

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

Placing commission

The Company shall pay to the Placing Agent a placing commission of 3.5% on the gross proceeds of the number of the Placing Shares successfully placed by the Placing Agent.

Placees

The Placing Agent intends to place the Placing Shares to not less than six independent Placees, being institutional, professional and/or individual investors who and whose ultimate beneficial owners are Independent Third Parties and are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Code on Takeovers and Mergers issued by the Securities and Futures Commission). It is expected that none of the Placees will become a substantial Shareholder of the Company immediately after the completion of the Placing.

Placing Shares

Pursuant to the Placing Agreement, a maximum of 650,000,000 Placing Shares will be placed by the Placing Agent to the Placees on a best effort basis, representing approximately 19.82% of the existing issued share capital of the Company and approximately 16.54% of the issued share capital of the Company as enlarged by the Placing.

The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$65,000,000.

The Placing Shares, when allotted and issued, will rank pari passu in all respects with the existing Shares in issue, including the right to receive all dividends and distributions which may be declared, made or paid after the date of completion of the Placing.

General mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 3 July 2013. Under the General Mandate, the Directors are authorised to allot and issue up to 655,975,517 new Shares. As at the date of this announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Placing Shares is not subject to any approval by the Shareholders.

Placing Price

The Placing Price of HK\$0.190 per Placing Share represents:

- (i) a discount of approximately 6.40% over the closing price of HK\$0.203 per Share as quoted on the Stock Exchange on 22 July 2013, being the date of the Placing Agreement; and
- (ii) a discount of approximately 18.45% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement of approximately HK\$0.233 per Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to prevailing market prices of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (ii) any other approval as may be required for the Placing.

In the event that the conditions of the Placing remain unfulfilled on 31 August 2013 (or such other date as may be agreed between the Company and the Placing Agent in writing), the Placing Agreement shall automatically become null and void and of no effect, and neither of the parties shall have any claim against each other and the parties shall hold each other harmless save for any antecedent breaches.

Termination

The Placing Agreement may be terminated by the Placing Agent in the absolute opinion of the Placing Agent without liability to the Company, if at any time at or before 10:00 a.m. on the date of completion of the Placing, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international 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, national, international 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 absolute opinion of the Placing Agent, 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
- (c) 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 sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (e) any adverse change in the business, financial or trading position of any member of the Company and its subsidiaries which is material to the Placing; or
- (f) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given or if repeated, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, the Placing Agent shall determine in its absolute 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.

Completion of the Placing

Completion of the Placing shall take place within three business days after the fulfillment of the conditions set out in the paragraph headed “Conditions precedent” above or any other date as the parties may agree.

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

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.

Further announcement will be made by the Company upon completion of the Placing.

REASONS FOR THE PLACING 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 have considered various ways of raising funds and consider that the Placing represent an opportunity to raise capital for the Company and enlarge the equity and Shareholder base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement are fair and reasonable based on the current market conditions, and the Placing is in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be HK\$123.5 million. After taking into account the placing commission and other expenses incurred in connection with the Placing, the maximum net proceeds are expected to be approximately HK\$118.6 million, which will be applied as to (i) approximately HK\$14.0 million for the repayment of the Company’s debts; (ii) approximately HK\$20.0 million for the professional fees incurred in the feasibility study of the potential merger and acquisition project(s) (including the proposed acquisition of the equity ownership and voting shares of a group of companies holding the interests in certain oil and gas properties located in United States of America which was announced by the Company on 28 November 2012); and (iii) the remaining balance of approximately HK\$84.6 million for general working capital of the Group.

The net proceeds being raised per Share upon completion of the Placing will be approximately HK\$0.182 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds
26 February 2013	Issue of convertible notes in the principal amount of HK\$100 million	HK\$95.5 million	For repayment of the Company's debts and as working capital of the Group	Approximately HK\$53.5 million has been used for the repayment of the Company's debts and the balance of approximately HK\$42.0 million has been used as working capital of the Group
21 January 2013	Placing of 125,000,000 new Shares	HK\$21.6 million	As general working capital of the Group	Used as intended
	Issue of an aggregate of 625,000,000 non-listed transferable warrants at no initial issue price	HK\$123 million upon full exercise of the warrants	As general working capital of the Group	No warrants had been exercised as at the date of this announcement

Save for the aforesaid, the Company has not conducted any equity fund raising activities in the past 12 months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming the Placing Shares are placed in full and no other Shares are issued between the date of this announcement and the completion of the Placing):

	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
City Wise Investment Limited (<i>Note 1</i>)	398,232,975	12.14	398,232,975	10.13
City Smart International Investment Limited (<i>Note 2</i>)	7,466,856	0.23	7,466,856	0.19
Mr. Tse Kwok Fai, Sammy (<i>Note 3</i>)	2,200,000	0.07	2,200,000	0.06
	407,899,831	12.44	407,899,831	10.38
<i>Public Shareholders:</i>				
Placees	—	—	650,000,000	16.54
Others	2,871,977,757	87.56	2,871,977,757	73.08
Total	<u>3,279,877,588</u>	100.00	<u>3,929,877,588</u>	100.00

Notes:

1. City Wise Investment Limited is wholly owned by South America Petroleum Investment Holdings Limited, a company beneficially and wholly-owned by Mr. Wu Shaozhang.
2. City Smart International Investment Limited is a company beneficially and wholly-owned by Mr. Wu Shaozhang.
3. Mr. Tse Kwok Fai, Sammy is an executive Director and chief executive officer.

DEFINITIONS

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

“Board” the board of Directors

“Company” EPI (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange

“Directors” directors of the Company

“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 3 July 2013
“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 party(ies) who is/are independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	institutional, professional and/or individual investors to whom the Placing Agent or its nominees shall procure or, as the case may be, shall have procured to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Convoy Investment Services Limited, the placing agent and a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance in Hong Kong
“Placing Agreement”	the agreement dated 22 July 2013 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the issue price of HK\$0.190 per Placing Share
“Placing Shares”	up to 650,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

By order of the Board
EPI (Holdings) Limited
Tse Kwok Fai, Sammy
Executive Director & CEO

Hong Kong, 22 July 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tse Kwok Fai, Sammy (Chief Executive Officer), Mr. Allan Ritchie (Deputy Chief Executive Officer) and Mr. Chan Chi Hung, Anthony; one non-executive Director, namely Mr. Ho King Fung, Eric; and three independent Non-Executive Directors, namely Mr. Qian Zhi Hui, Mr. Zhu Tiansheng and Mr. Lam Ting Lok.