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(Incorporated in Bermuda with limited liability)

(Stock Code: 689)

**(A) PROPOSED CAPITAL REORGANISATION
INVOLVING SHARE CONSOLIDATION, CAPITAL REDUCTION AND
SHARE PREMIUM REDUCTION
(B) CHANGE IN BOARD LOT SIZE
(C) OPEN OFFER IN THE PROPORTION OF ONE (1) OFFER SHARE FOR
EVERY TWO (2) ADJUSTED SHARES HELD ON THE RECORD DATE
AT HK\$0.50 PER OFFER SHARE**

Financial adviser to the Company



Guotai Junan Capital Limited

Underwriter of the Open Offer



**Guotai Junan Securities
(Hong Kong) Limited**

Underwriter of the Open Offer



**長雄證券有限公司
EVER-LONG SECURITIES CO. LTD.**

CAPITAL REORGANISATION

The Board proposes to effect the Capital Reorganisation comprising:

- (i) a proposed Share Consolidation whereby every ten (10) Shares of nominal value of HK\$0.1 each in the issued share capital of the Company will be consolidated into one (1) Consolidated Share of nominal value of HK\$1.0 and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;
- (ii) a proposed Capital Reduction whereby the nominal value of all the issued Consolidated Shares will be reduced from HK\$1.0 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$0.99 on each Consolidated Share so as to form an Adjusted Share of HK\$0.01, and the credit arising from the Capital Reduction be credited to the Contributed Surplus Account;

* for identification purpose only

- (iii) the sub-division of each of the authorised but unissued Shares of HK\$0.10 into ten Adjusted Shares of HK\$0.01 each;
- (iv) a proposed Share Premium Reduction whereby all amounts standing to the credit of the Share Premium Account will be cancelled and the credit arising from the Share Premium Reduction be credited to the Contributed Surplus Account;
- (v) the application of the amounts in the Contributed Surplus Account in such manner as the Board may deem fit including to set off the accumulated losses of the Company in the manner permitted by the laws of Bermuda and the Bye-Laws.

CHANGE OF BOARD LOT SIZE

The Shares are currently traded on the Stock Exchange in board lots of 10,000 Shares. The board lot size of the Adjusted Shares will be changed to 5,000 Adjusted Shares after the Capital Reorganisation becomes effective.

Please refer to Part A of this announcement for further details.

OPEN OFFER

The Board proposes to raise gross proceeds of approximately HK\$121 million to approximately HK\$175 million, before expenses, by way of Open Offer. The Company will allot and issue not less than 242,617,879 Offer Shares and not more than 349,857,353 Offer Shares at the Subscription Price of HK\$0.50 per Offer Share, on the basis of one (1) Offer Share for every two (2) Adjusted Shares held on the Record Date. The Open Offer is conditional on, among other things, the Capital Reorganisation becoming effective.

Applications will be made to the Stock Exchange for the listing of, and the permission to deal in, the Adjusted Shares and the Offer Shares.

The Open Offer (excluding the Offer Shares subject to the Irrevocable Undertaking) will be fully underwritten by the Underwriters, on the terms and subject to the conditions set out in the Underwriting Agreement.

Mr. Wu, who is interested in 485,699,831 Shares of the Company (representing 10.01% of the issued share capital of the Company), together with his associates (namely City Wise and City Smart), have irrevocably undertaken to the Company to procure application by City Wise and City Smart for their assured entitlements of an aggregate of 24,284,990 Offer Shares.

SGM

The Capital Reorganisation is subject to, among other things, the passing of a special resolution by the Shareholders approving the same at the SGM.

WARNING OF RISKS OF DEALINGS IN THE SHARES AND THE ADJUSTED SHARES

The Open Offer is conditional upon the fulfillment of the conditions set out in the section headed “4. Conditions of the Open Offer” in Part B of this announcement. In particular, the Open Offer is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and the Adjusted Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. The Shareholders and potential investors should exercise caution when dealing in the Shares and the Adjusted Shares. If they are in any doubt about their position, they should consult his/her/its own professional advisers.

PART A: CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

1. Capital Reorganisation and change in board lot size

The Board proposes to effect the Capital Reorganisation comprising:

- (i) a proposed Share Consolidation whereby every ten (10) Shares of nominal value of HK\$0.1 each in the issued share capital of the Company will be consolidated into one (1) Consolidated Share of nominal value of HK\$1.0, and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;
- (ii) a proposed Capital Reduction whereby the nominal value of all the issued Consolidated Shares will be reduced from HK\$1.0 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$0.99 on each Consolidated Share so as to form an Adjusted Share of HK\$0.01, and the credit arising from the Capital Reduction be credited to the Contributed Surplus Account;
- (iii) the sub-division of each of the authorised but unissued Shares of HK\$0.10 into ten Adjusted Shares of HK\$0.01 each;
- (iv) a proposed Share Premium Reduction whereby all amounts standing to the credit of the Share Premium Account will be cancelled and the credit arising from the Share Premium Reduction be credited to the Contributed Surplus Account;
- (v) the application of the amounts in the Contributed Surplus Account in such manner as the Board may deem fit including to set off the accumulated losses of the Company in the manner permitted by the laws of Bermuda and the Bye-Laws.

2. Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the compliance with Section 46(2) of the Companies Act to effect the Capital Reorganisation, including but not limited to (a) the publication of a notice in relation to the Capital Reorganisation in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the effective date of the Capital Reorganisation, and (b) the Board being satisfied that on such effective date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Adjusted Shares.

Assuming the above conditions are fulfilled, the Capital Reorganisation is expected to become effective on the next business day after the date of passing of the relevant resolution approving the Capital Reorganisation at the SGM. Subject to the fulfillment of the above conditions, the Capital Reorganisation will comply with the relevant laws of Bermuda and the Bye-Laws.

3. Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000.00 divided into 10,000,000,000 Shares, of which 4,852,357,588 Shares are in issue and credited as fully paid. Upon the proposed Share Consolidation becoming effective and based on the issued share capital as at the date of this announcement, the issued share capital of the Company will be consolidated into 485,235,758 Consolidated Shares of nominal value of HK\$1.0 each.

Upon the proposed Capital Reduction becoming effective, the nominal value of all the issued Consolidated Shares will be reduced from HK\$1.0 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$0.99 on each Consolidated Share in issue. Upon completion of the Share Consolidation and the Capital Reduction, the issued share capital of the Company will be reduced to HK\$4,852,357.58 divided into 485,235,758 Adjusted Shares of nominal value of HK\$0.01 each.

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholders, but will be aggregated, sold and retained for the benefit of the Company. Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled. The resulting Adjusted Shares of nominal value of HK\$0.01 each will rank *pari passu* in all respects with each other in accordance with the Bye-Laws.

Assuming no further Share will be issued or repurchased between the date of this announcement and the date on which the Capital Reorganisation becomes effective, a credit of approximately HK\$480,383,400.42 will arise as a result of the Capital Reduction.

As at 31 December 2014, based on the audited financial statements of the Company, the audited amount standing to the credit of the Share Premium Account was approximately HK\$4,181,798,000, the amount standing to the credit of the Contributed Surplus Account was HK\$60,322,000, and the amount of accumulated losses of the Company was approximately HK\$4,757,965,000.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled to. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to become effective, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company, nor will it result in any change in the relative rights of the Shareholders.

4. Reasons for the Capital Reorganisation

As at the date of this announcement, the Shares are traded below the nominal value of HK\$0.1, which restricts the Company's ability to raise funds through issue of new Shares. The Capital Reorganisation will provide greater flexibility for equity fund-raising of the Company in the future.

In addition, the credit arising from the Capital Reduction and the Share Premium Reduction will be transferred to the Contributed Surplus Account, which will be applied to set-off and reduce the accumulated losses of the Company. As a result of the Capital Reorganisation, the Company's share capital and reserves will more closely reflect the available net assets of the Company.

In view of the above, the Board therefore considers that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

5. Listing and dealings

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Adjusted Shares.

Subject to the granting of the listing of, and the permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or

such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

6. Free exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may submit certificates for the existing Shares to the Registrar during normal business hours from Thursday, 14 May 2015 to Tuesday, 23 June 2015 (both dates inclusive) to exchange for the new certificates of the Adjusted Shares at the expenses of the Company. Thereafter, certificates for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled or issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Thursday, 18 June 2015 being the latest time and date for trading in board lot of 1,000 Adjusted Shares in the form of existing certificates (or such other date which will be announced by the Company) and will continue to be good evidence of legal title after the Capital Reorganisation has become effective and may be exchanged for certificates of the Adjusted Shares at any time in accordance with the foregoing.

7. Change in board lot size

The Shares are currently traded on the Stock Exchange in board lots of 10,000 Shares. The board lot size of the Adjusted Shares will be changed to 5,000 Adjusted Shares after the Capital Reorganisation becomes effective.

Based on the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement, the prevailing board lot value is HK\$910 in the board lot size of 10,000 Shares and, based on the theoretical ex-entitlement price of the Adjusted Shares of approximately HK\$0.773 per Adjusted Share with reference to the closing price of HK\$0.091 per Share on the date of the Underwriting Agreement, the new estimated board lot value would be approximately HK\$3,865 in the new board lot size of 5,000 Adjusted Shares. The Board believes that the reduced board lot size will facilitate the trading of the Adjusted Shares following the Capital Reorganisation. The change in board lot size will not affect any of the Shareholders' rights.

Subject to the Capital Reorganisation becoming effective, as from Thursday, 14 May 2015 (or such other date which will be announced by the Company) any new share certificates will be issued in board lots of 5,000 Adjusted Shares each (except for odd lots or where the Registrar is otherwise instructed). The expected timetable for such change in board lot size is set out in the section headed "17. Expected timetable for the Open Offer" in Part B of this announcement.

The Shareholders may submit their existing share certificates in board lots of 10,000 Shares each to the Registrar in exchange for new share certificates in board lots of 5,000 Adjusted Shares each free of charge. The details about the free exchange of share certificates are set out in the section headed “6. Free exchange of Share certificates” in this Part A of this announcement.

8. Arrangements for trading of odd lots

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation and the change in board lot size, a designated broker will be appointed to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Friday, 29 May 2015, to Thursday, 18 June 2015 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular.

PART B: PROPOSED OPEN OFFER BY THE COMPANY

1. The Open Offer

The Company proposes to raise gross proceeds of approximately HK\$121 million to approximately HK\$175 million by way of the Open Offer. The Company will allot and issue not less than 242,617,879 and not more than 349,857,353 Offer Shares at the Subscription Price of HK\$0.50 per Offer Share. The estimated net proceeds of the Open Offer will be approximately HK\$118.8 million to approximately HK\$172.2 million. The net price to the Company of each Offer Share will be approximately HK\$0.49.

The Open Offer (excluding the Offer Shares subject to the Irrevocable Undertaking) is fully underwritten by the Underwriters. The terms of the Underwriting Agreement were agreed after arm's length negotiation between the Company and the Underwriters.

2. Open Offer statistics

Basis of the Open Offer	: One (1) Offer Share for every two (2) Adjusted Share held on the Record Date
Subscription Price	: HK\$0.50 per Offer Share
Number of Shares in issue as at the date of this announcement	: 4,852,357,588
Number of Adjusted Shares in issue immediately upon the Capital Reorganisation having become effective	: 485,235,758 Adjusted Shares (assuming no further issue or repurchase of Shares between the date of this announcement and the date on which the Capital Reorganisation becomes effective)

Number of Offer Shares : not less than 242,617,879 (assuming no further issue or repurchase of Shares up to the Record Date) and not more than 349,857,353 Offer Shares (assuming exercise in full of all outstanding Share Options and Warrants and full conversion of the Convertible Notes on or before the Record Date)

The aggregate nominal value of the Offer Shares will be from HK\$2,426,178.79 to HK\$3,498,573.53.

As at the date of this announcement,

- (i) there are outstanding Convertible Notes in the principal amount of HK\$60,000,000, convertible into 315,789,473 Shares at the prevailing conversion price of HK\$0.19 per Share;
- (ii) there are outstanding the following Share Options granted under the Share Option Scheme:

Exercise Price per Share	Number of Shares that fall to be issued upon exercise of the Share Options
HK\$0.255	216,000,000
HK\$0.206	295,000,000
HK\$0.219	153,000,000
HK\$0.189	70,000,000
HK\$0.200	<u>470,000,000</u>
	Total: <u><u>1,204,000,000</u></u>

- (iii) there are outstanding Warrants entitling the holders thereof to subscribe for 625,000,000 Shares at an exercise price of HK\$0.20 per Share.

Save as disclosed above, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no further issue or repurchase of Shares and/or Adjusted Shares on or before the Record Date, a total number of 242,617,879 Adjusted Shares will be issued and allotted pursuant to the Open Offer, representing:

- (i) approximately 50% of the number of the Adjusted Shares immediately upon the Capital Reorganisation becoming effective (based on the Company's existing issued share capital as at the date of this announcement); and

- (ii) approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

3. Subscription Price

The Subscription Price is HK\$0.50 per Offer Share, payable in full on acceptance. The Subscription Price represents:

- (i) a discount of approximately 45.1% to the adjusted closing price of HK\$0.91 per Adjusted Share, based on the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 44.6% to the adjusted average closing price of approximately HK\$0.902 per Adjusted Share, based on the average closing price of approximately HK\$0.0902 as quoted on the Stock Exchange for the five consecutive trading days up to and including the day immediately preceding the date of the Underwriting Agreement and adjusted for the effect of the Capital Reorganisation; and
- (iii) a discount of approximately 35.3% to the theoretical ex-entitlement price of approximately HK\$0.773 per Adjusted Share after the Open Offer, based on the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and adjusted for the effect of the Capital Reorganisation.

The Subscription Price and the subscription ratio were arrived after arm's length negotiations between the Company and the Underwriters, taking into account the capital needs and financial position of the Group, the market price of the Shares and the prevailing market conditions.

4. Conditions of the Open Offer

The Open Offer is subject to the following conditions:

- (i) the Capital Reorganisation having become effective;
- (ii) the posting of the Offering Documents to the Qualifying Shareholders on or before the Offering Circular Posting Date;
- (iii) the Listing Division of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (iv) compliance by the Company with its obligations under the Underwriting Agreement;
- (v) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than three trading days (other than pending clearance by the Stock Exchange

and publications of announcements, circulars or the Offering Documents); and (ii) no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) (other than pending publications of announcements in respect of the Open Offer); and

- (vi) the execution and delivery of the Irrevocable Undertaking in favour of the Company and Guotai Junan on the date of the Underwriting Agreement.

that in the event of the said conditions not being fulfilled or (in respect of condition (iv) only) waived by the Underwriters at their sole discretion on or before the respective prescribed dates (or, if no time or date is set out, 30 June 2015 or such other date as may be agreed between the Company and the Underwriters in writing), all obligations and liabilities of the parties under the Underwriting Agreement will forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches and claims hereof).

5. Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Adjusted Shares then in issue in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

6. Qualifying Shareholders

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Offering Documents to the Qualifying Shareholders and the Offering Circular, for information only, to the Non-qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares/Adjusted Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Tricor Tengis Ltd., at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 18 May 2015.

The Company will ascertain whether there are any Overseas Shareholders on the Record Date. In determining whether there will be Non-qualifying Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relation to the Company's offering of the Offer Shares to the Overseas Shareholders in compliance with the Listing Rules.

7. Rights of the Non-qualifying Shareholders

The Offering Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending Open Offer to the Overseas Shareholders (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Offer Shares will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Offering Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Offering Documents Posting Date. The Company will send copies of the Offering Circular to the Non-qualifying Shareholders for their information only, but will not send any Application Form to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

8. Closure of register of members

The register of members of the Company will be closed from Tuesday, 19 May 2015 to Thursday, 21 May 2015 (both dates inclusive) for the purpose of establishing the entitlements to the Open Offer. No transfer of Shares or Adjusted Shares will be registered during this period.

9. No Application for Excess Offer Shares

After arm's length negotiation with the Underwriters, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Open Offer, the Board considers that the additional effort and costs required to administer the excess application procedures are not cost-effective. Any Offer Shares not taken up by the Qualifying Shareholders, any Offer Shares created by aggregation of fractional Offer Shares and any Offer Shares to which the Excluded Shareholders would otherwise have been entitled (if any) will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement. The Board considers that it would be able to broaden Shareholder's base by the potential investors/subscribers to be procured by the Underwriters.

10. Fractions of the Offer Shares

The Company will not issue fractional entitlements to the Offer Shares. Fractional entitlements to the Offer Shares will be aggregated and all Offer Shares arising from such aggregation will be taken up by the Underwriters.

11. Share certificates for the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Wednesday, 17 June 2015 to those entitled thereto by ordinary post at their own risks. Share certificates will be issued for the fully-paid Offer Shares. If the Open Offer is terminated, refund cheques are expected to be posted on or before Wednesday, 17 June 2015 by ordinary post to the applicants at their own risk.

12. Application for listing of the Offer Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

13. Principal terms of the Underwriting Agreement

Date : 31 March 2015

Parties : (i) the Company;
(ii) Guotai Junan; and
(iii) Ever-Long

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriters and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

- Total number of Offer Shares underwritten : Not less than 242,617,879 Offer Shares (assuming no further issue or repurchase of Shares/Adjusted up to the Record Date) and not more than 349,857,353 Offer Shares (assuming exercise in full of all outstanding Share Options and Warrants and full conversion of the Convertible Notes on or before the Record Date), being the total number of Offer Shares subscription minus the number of Offer Shares to be applied for by City Smart and City Wise pursuant to the Irrevocable Undertaking.
- Underwriting commitment : (i) firstly, as to 196,332,889 Offer Shares, plus any Offer Shares attributable to the Adjusted Shares falling to be issued on conversion or exercise of Convertible Notes, Options or Warrants on or before the Record Date, by Guotai Junan; and
- (ii) then, as to 22,000,000 Offer Shares by Ever-Long
- Commission : 1% of the aggregate Subscription Price in respect of the respective maximum number of Offer Shares agreed to be underwritten by the Underwriters. The commission rates were determined after arm's length negotiations between the Company and the Underwriters with reference to, among other things, the scale of the Open Offer and the market rate, and the Board considers that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- Conditions : Please refer to the section headed "5. Conditions of the Open Offer" in this Part B of this announcement.
- Latest Time For Termination : 4:00 p.m. on the third business day after (and excluding) the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time to terminate the Underwriting Agreement.
- Termination : If, prior to the Latest Time For Termination:
- (i) any material breach of any warranties or the undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement; or

- (ii) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer after the signing of the Underwriting Agreement; or
- (iii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iv) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of the Group as a whole which is material in the context of the Open Offer; or
- (v) any event or circumstances in the nature of force majeure including but without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, terrorism or strike occurred after the signing of the Underwriting Agreement in or affecting Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (vi) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which is or might be material to the Group taken as a whole; or

- (vii) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Share generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (viii) there is any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group); or
- (ix) any statement contained in the Offering Circular has become and been discovered to be untrue, incorrect, incomplete or misleading in any material aspect, or matters have arisen or have been discovered which would, if the Offering Circular was to be issued at the time, constitute a material omissions therefrom,

the effect of which events and circumstances referred to above, individually or in aggregate (in the reasonable opinion of the Underwriters after consultation with the Company): (i) is or would be reasonably likely to be materially adverse to, or prejudicially affects or would be reasonably likely to prejudicially affect, the Group as a whole or the success of the Open Offer; or (ii) makes it inadvisable or inexpedient to proceed with the Open Offer, the Underwriters will be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

14. Irrevocable Undertaking

As at the date of this announcement, Mr. Wu is interested in a total of 485,699,831 Shares (representing approximately 10.01% of the issued share capital of the Company), of which 478,232,975 Shares are held by City Wise and 7,466,856 Shares are held by City Smart. Each of Mr. Wu, City Smart and City Wise has executed the Irrevocable Undertaking in favour of the Company and Guotai Junan pursuant to which they have conditionally undertaken, inter alia, that the Shares held by them on the date of the Irrevocable Undertaking will remain beneficially owned by them on the Record Date and they will lodge application and pay for all their assured entitlements of Offer Shares under the Open Offer (being an aggregate of 24,284,990 Offer Shares).

15. Changes in the shareholding structure of the Company arising from the Capital Reorganisation and the Open Offer

The table below sets out the shareholding structure of the Company as at the date of this announcement and, for illustrative purpose, under various scenarios immediately after completion of the Capital Reorganisation (assuming there being (i) no exercise of the conversion rights attaching to the Convertible Notes and/or subscription rights attaching to the Share Options and the Warrants; and (ii) no other change to share capital and/or shareholding structure of the Company, from the date of this announcement up to the Record Date and up to the completion of the Open Offer):

	As at the date of this announcement		Immediately after the Capital Reorganisation but before completion of the Open Offer		Immediately after completion of the Open Offer, assuming all the Offer Shares are subscribed by the Qualifying Shareholders		Immediately after completion of the Open Offer, assuming no Shareholders (other than City Smart and City Wise) apply for their assured entitlements	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
<i>Substantial Shareholders</i>								
City Wise Investment Limited (Note 1)	478,232,975	9.86%	47,823,297	9.86%	71,734,945	9.86%	71,734,945	9.86%
City Smart International Investment Limited (Note 2)	7,466,856	0.15%	746,685	0.15%	1,120,027	0.15%	1,120,027	0.15%
Subtotal	485,699,831	10.01%	48,569,982	10.01%	72,854,972	10.01%	72,854,972	10.01%
<i>Director</i>								
Mr. Tse Kwok Fai, Sammy	2,200,000	0.05%	220,000	0.05%	330,000	0.05%	220,000	0.03%
<i>Public</i>								
Guotai Junan (Note 4)	—	—	—	—	—	—	196,332,889	26.97%
Ever-Long (Note 4)	—	—	—	—	—	—	22,000,000	3.02%
Other Public Shareholders	4,364,457,757	89.94%	436,445,776	89.94%	654,668,665	89.94%	436,445,776	59.97%
Total	4,852,357,588	100.00%	485,235,758	100.00%	727,853,637	100.00%	727,853,637	100.00%

Notes:

1. City Wise is wholly-owned by South America Petroleum Investment Holdings Limited, which is in turn wholly-owned by Mr. Wu.
2. City Smart is wholly-owned by Mr. Wu.
3. As at the date of this announcement,
 - (i) there are outstanding Convertible Notes in the principal amount of HK\$60,000,000, convertible into 315,789,473 Shares at the prevailing conversion price of HK\$0.19 per Share;

- (ii) there are outstanding the following Share Options granted under the Share Option Scheme:

Exercise Price per Share	Number of Shares that fall to be issued upon exercise of the Share Options
HK\$0.255	216,000,000
HK\$0.206	295,000,000
HK\$0.219	153,000,000
HK\$0.189	70,000,000
HK\$0.200	<u>470,000,000</u>
Total:	<u><u>1,204,000,000</u></u>

- (iii) there are outstanding Warrants entitling the holders thereof to subscribe for 625,000,000 Shares at an exercise price of HK\$0.20 per Share.

4. Pursuant to the Underwriting Agreement:

- (i) each of the Underwriters will not subscribe, for its own account, for such number of Untaken Shares which will result in it and parties acting in concert with it owning 30% (or such other percentage which will trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon the completion of the Open Offer;
- (ii) each of the Underwriters will use its best endeavours to ensure that each of the sub-underwriters and subscribers procured by it or the sub-Underwriters (i) will be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the directors or chief executive of the Company or substantial Shareholders of the Company or their respective associates; (ii) will not, together with any of its associates, hold 10% or more of the Adjusted Shares of the Company upon completion of the Open Offer; (iii) will not, together with party(ies) acting in concert (as such term is defined in the Takeovers Code) with each of them, hold 30% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Open Offer; and
- (iii) each of the Underwriters will use its best endeavours to ensure each of the sub-underwriters to procure independent placees to take up such number of Untaken Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company.

16. Use of proceeds, and reasons for, and benefits of, the Open Offer

The Company is an investment holding company. Its subsidiaries are principally engaged in the petroleum exploration and production.

The gross proceeds of the Open Offer will be approximately HK\$121 million to HK\$175 million before expenses. The estimated net proceeds of the Open Offer will be approximately HK\$118.8 million to approximately HK\$172.2 million. The Company intends to apply such net proceeds for (i) approximately HK\$97 million for the repayment of the Company's debts; and (ii) any remaining net proceeds for the general working capital of the Group and/or future investment activities when such investment opportunities arise. The net price per Offer Share after deducting the related expenses of the Open Offer will be approximately HK\$0.49.

The Board considers that the Open Offer will enable the Group to strengthen the capital base of the Company and to enhance its financial position, and enable the Group to expand its investment portfolio when investment opportunities arise. The Open Offer will provide the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole. The Directors also consider that the terms of the Underwriting Agreement (including the Subscription Price and the subscription ratio) are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

17. Expected timetable for the Open Offer

Event	2015 <i>(Hong Kong time)</i>
Expected despatch date of the circular with notice of the SGM.....	Monday, 20 April
Latest time for lodging proxy forms for the SGM.....	10:00 a.m., Monday, 11 May
Expected date and time of the SGM.....	10:00 a.m., Wednesday, 13 May
Announcement of results of the SGM	Wednesday, 13 May
Effective date of the Capital Reorganisation.....	Thursday, 14 May
Commencement of dealings in the Adjusted Shares	9:00 a.m., Thursday 14 May
Original counter for trading in the Shares in existing share certificates in board lots of 10,000 Shares temporarily closes	9:00 a.m., Thursday, 14 May
Temporary counter for trading in Adjusted Shares in board lots of 1,000 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m., Thursday, 14 May
First day of free exchange of existing certificates for the Shares into new certificates for the Adjusted Shares.....	Thursday, 14 May
Last day of dealings in Adjusted Shares on a cum-entitlement basis.....	Thursday, 14 May
First day of dealings in Adjusted Shares on an ex-entitlement basis.....	Friday, 15 May
Latest time for the Shareholders to lodge transfer of Adjusted Shares in order to qualify for the Open Offer.....	4:30 p.m., Monday, 18 May

Event**2015***(Hong Kong time)*

Closure of register of members of the Company (both dates inclusive)	Tuesday, 19 May to Thursday, 21 May
Record Date for determining entitlements to the Open Offer	Thursday, 21 May
Register of members of the Company re-opens	Friday, 22 May
Despatch of Offering Documents (in the case of the Excluded Shareholders, Offering Circular only)	Tuesday, 26 May
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots of Adjusted Shares	Friday, 29 May
Original counter for trading in the Adjusted Shares in board lots of 5,000 Adjusted Shares (in the form of new certificates) re-opens	9:00 a.m., Friday, 29 May
Parallel trading in Adjusted Shares (in the form of both existing certificates in board lots of 1,000 Adjusted Shares and new certificates in board lots of 5,000 Adjusted Shares) commences	9:00 a.m., Friday, 29 May
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m., Tuesday, 9 June
Latest time for termination of the Underwriting Agreement	5:00 p.m., Friday, 12 June
Announcement of the results of the Open Offer	Tuesday, 16 June
Despatch of certificates for the Offer Shares	Wednesday, 17 June
Despatch of refund cheques if the Open Offer is terminated	Wednesday, 17 June
Expected first day of dealings in the fully-paid Offer Shares	Thursday, 18 June
Temporary counter for trading in board lots of 1,000 Adjusted Shares (in the form of existing certificates) closes	4:00 p.m., Thursday, 18 June

Event

2015
(Hong Kong time)

Parallel trading in the Adjusted Shares
(represented by both existing certificates in
board lots of 1,000 Adjusted Shares and
new certificates in board lots of
5,000 Adjusted Shares) ends..... 4:00 p.m., Thursday, 18 June

Designated broker ceases to stand in the market
to provide matching services for the sale and
purchase of odd lots of Adjusted Shares..... 4:00 p.m., Thursday, 18 June

Last day of free exchange of existing certificates
for new certificates for Adjusted Shares Tuesday, 23 June

All times and dates in above refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Effect of bad weather on the latest time for application and payment for Offer Shares

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 9 June 2015, being the date of the Latest Time For Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time For Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time For Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time For Termination) may be affected.

18. Previous fund raising exercises in the prior 12-month period

Save as disclosed below, the Company has not conducted any other fund raising activities in the past 12 months before the date of this announcement:

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds as stated in the Company's announcement dated 30 September 2014
11 March 2014	22 April 2014	Placing of new shares under specific mandate	Approximately HK\$149.4 million	(a) Approximately HK\$125.5 million for the payment of deposit(s) to the three independent third parties with respect to the proposed acquisition of interest in oil and gas properties in the United States of America on the occurrence of event(s) to be specified in the definitive agreements pursuant to a letter of intent executed with the said three independent third parties on 10 January 2014, details of which have been disclosed in the Company's announcement dated 11 February 2014; (b) Approximately HK\$16.4 million for professional fees to be incurred in the possible acquisition referred to in (a) above; and (c) The remaining balance of approximately HK\$7.5 million as general working capital of the Company	Approximately HK\$94.6 million was used towards the repayment of the Company's debts Approximately HK\$37.4 million as general working capital of the Company Approximately HK\$17.4 million for the professional fees incurred in the proposed acquisition

PART C: POSSIBLE ADJUSTMENTS RELATING TO SHARE OPTIONS, WARRANTS AND CONVERTIBLE NOTES

As at the date of this announcement, the Company had (i) outstanding Share Options which entitle the holders thereof to subscribe for 1,204,000,000 Shares; (i) outstanding Warrants which entitle the holders thereof to subscribe for 625,000,000 Shares; and (iii) outstanding Convertible Notes of aggregate principal amount of HK\$60,000,000.

As a result of the Capital Reorganisation and the Open Offer, there may be certain adjustments to the exercise prices of Share Options, and the conversion price of the Convertible Notes pursuant to the relevant terms of the Share Option Scheme and the Convertible Notes, respectively. Pursuant to the terms of the Share Option Scheme, the Warrants and the Convertible Notes, the final results of adjustments (if any) to the subscription prices of the Share Options and the Convertible Notes, respectively, are subject to certification by the auditors for the time being of or, where applicable, an investment or merchant bank of repute and the final results of adjustment will become effective following the completion of the Open Offer. Further details of final results of the adjustments (if any) to the exercise prices of the Share Options and the Convertible Notes will be disclosed by the Company in further announcement(s) as and when appropriate.

PART D: GENERAL MATTERS

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Capital Reorganisation. A circular containing, among other things, further details of the Capital Reorganisation and a notice convening the SGM, will be despatched to the Shareholders on or before Monday, 20 April 2015.

As the Open Offer would not increase the issued share capital of the Company by more than 50%, no general meeting of the Shareholders will be held to approve the Open Offer pursuant to Rule 7.24(5) of the Listing Rules.

Upon the approval of the Capital Reorganisation by the Shareholders at the SGM, the Offering Documents will be despatched to the Qualifying Shareholders as soon as practicable and the Offering Circular will be despatched to the Non-qualifying Shareholders for information purposes only.

DEFINITIONS

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

“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associate(s)”	the meaning ascribed thereto under the Listing Rules

“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the Company’s issued share capital whereby the nominal value of all the issued Consolidated Shares shall be reduced from HK\$1.0 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$0.99 on each Consolidated Share
“Capital Reorganisation”	the proposed reorganisation of the Company’s issued share capital which comprises: (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Premium Reduction, and (iv) applying the credit arising from the Capital Reduction and the Share Premium Reduction in such manner as the Board may deem fit including to set-off the accumulated losses of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“City Wise”	City Wise Investment Limited, a company holding 478,232,975 Shares (representing approximately 9.86% of the total issued share capital of the Company) and wholly-owned by South America Petroleum Investment Holdings Limited, a company wholly-owned by Mr. Wu
“City Smart”	City Smart International Investment Limited, a company holding 7,466,856 Shares (representing approximately 0.15% of the total issued share capital of the Company) and wholly-owned by Mr. Wu
“Companies Act”	Companies Act 1981 of Bermuda
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“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
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$1.0 each in the issued share capital of the Company immediately upon the Share Consolidation becoming effective
“Contributed Surplus Account”	the contributed surplus account of the Company

“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Notes”	the 8% coupon convertible note(s) in the aggregate principal amount of HK\$100,000,000 issued by the Company on 11 April 2013 to the noteholder(s), of which the principal amount of HK\$60,000,000 remained outstanding as at the date of this announcement
“Directors”	the directors of the Company
“Ever-Long”	Ever-Long Securities Company Limited, a corporation licensed by the Securities and Futures Commission to carry out business in Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities) and Type 6 (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Group”	the Company and its subsidiaries
“Guotai Junan”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed by the Securities and Futures Commission to carry out 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)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking”	an irrevocable undertaking dated 31 March 2015 granted by Mr. Wu, City Smart and City Wise in favour of the Company and Guotai Junan, as described in the section headed “14. Irrevocable Undertaking” of Part B in this announcement
“Latest Time For Acceptance”	4:00 p.m. on Tuesday, 9 June 2015, or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Offering Documents
“Latest Time For Termination”	4:00 p.m. on the third business day following (but excluding) the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Shaozhang, who is interested in 485,699,831 Shares (representing approximately 10.01% of the issued share capital of the Company) through his wholly-owned companies, namely City Wise and City Smart
“Non-qualifying Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors consider it necessary or expedient not to offer the Offer Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Share(s)”	Adjusted Share(s) to be issued and allotted under the Open Offer, being 242,617,879 Adjusted Shares
“Offering Circular”	the offering circular to be despatched to the Shareholders in relation to the Open Offer in such form as may be agreed between the Company and the Underwriters
“Offering Documents”	the Offering Circular and the Application Form(s)
“Offering Documents Posting Date”	Tuesday, 26 May 2015, or such other day as may be agreed between the Company and the Underwriters, being the date of despatch of the Offering Documents
“Open Offer”	the issue of one (1) Offer Share for every two (2) Adjusted Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Offering Documents
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Qualifying Shareholder(s)”	the Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Non-qualifying Shareholders
“Record Date”	Thursday, 21 May 2015, being the date by reference to which entitlements to the Open Offer will be determined

“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Ltd., at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“SGM”	the special general meeting of the Company to be convened and held to consider and approve the proposed Capital Reorganisation
“Shareholder(s)”	the holder(s) of the Share(s), the Consolidated Share(s) or the Adjusted Share(s) (as the case may be)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the implementation of the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of share(s) in the issued share capital of the Company whereby every ten (10) Shares of nominal value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of nominal value of HK\$1.0
“Share Option(s)”	the share options granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Company at the special general meeting of the Company on 6 November 2006, pursuant to which a total of 1,204,000,000 share options are still outstanding as at the date of this announcement
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Offer Share, being HK\$0.50
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Underwriters”	Guotai Junan and Ever-Long, and each an “Underwriter”
“Underwriting Agreement”	the underwriting agreement dated 31 March 2015 entered into between the Company and the Underwriters in relation to the Open Offer
“Underwritten Shares”	all Offer Shares, other than the 24,284,990 Offer Shares that will be applied for subscription by City Smart and City Wise pursuant to the Irrevocable Undertaking

“Untaken Shares”	(i) all those Underwritten Shares for which duly completed Application Form (accompanied by cheques or banker’s cashier order for the full amount payable on the applications which are honoured on first, or at the option of the Company, subsequent presentation) have not been lodged for acceptance by Qualifying Shareholders, or received, as the case may be, on or before the Latest Time for Acceptance; and (ii) any Offer Shares representing aggregation of fractions of Offer Shares; and (iii) any Offer Shares which would otherwise have comprised the assured entitlements of the Non-Qualifying Shareholders
“Warrants”	non-listed transferable warrants issued by the Company entitling the holders thereof to subscribe for 625,000,000 Shares at the exercise price of HK\$0.2 per Share (subject to adjustment)
“%”	per cent.

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

Hong Kong, 31 March 2015

As at the date of this announcement, the Board comprises the non-executive chairman, namely Mr. Ho King Fung, Eric, two executive Directors, namely Mr. Tse Kwok Fai, Sammy (chief executive officer) and Mr. Chan Chi Hung, Anthony, and three independent non-executive Directors, namely Mr. Qian Zhi Hui, Mr. Teoh Chun Ming and Mr. Zhu Tiansheng.