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UPDATE ON POSSIBLE ACQUISITION OF TARGET OIL AND GAS PROPERTIES IN THE UNITED STATES OF AMERICA

CHANGE IN USE OF PROCEEDS IN RELATION TO NEW SHARES ISSUED UNDER SPECIFIC MANDATE

UPDATE ON POSSIBLE ACQUISITION OF TARGET OIL AND GAS PROPERTIES IN THE UNITED STATES OF AMERICA

Reference is made to the announcements of EPI (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 November 2012 and 11 February 2014 (the “**Possible Acquisition Announcements**”), the Company’s annual reports for the year ended 31 December 2013 and interim report for the six months ended 30 June 2014, in relation to the possible acquisition from a group of independent third parties of the equity ownership and voting shares of a group of companies holding the interests in certain oil and gas properties located in the United States of America (“**U.S.**”). The Company wishes to provide holders of its securities and potential investors an update on the status of discussions with respect to that possible acquisition. Except where the context otherwise requires, terms defined in the Possible Acquisition Announcements have the same meanings when used in this announcement.

The Company continues to work with the Possible Vendors and to conduct legal and financial due diligence into the Target Assets, including reviewing updated information received from Possible Vendors that relates to the reserves and valuation of the Target Assets in order to make an informed decision in respect of the Proposed Acquisition.

Holders of the securities of, and potential investors in, the Company should exercise caution when dealing in the securities of the Company, as the Proposed Acquisition continues to be under discussion and may or may not proceed on the terms disclosed or at all. Further financial and other information and the reserves data that may be contained in the reports to be issued in accordance with the requirements of the Listing Rules in relation to the Proposed Acquisition, if and when it proceeds, may or may not be the same as those included in the Possible Acquisition Announcements. Even if the parties enter into definitive agreements, closing will be subject to the fulfillment of conditions precedent specified in those agreements.

* for identification purpose only

CHANGE IN USE OF PROCEEDS IN RELATION TO NEW SHARES ISSUED UNDER SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 11 March 2014 and 22 April 2014 (the “**Placing Completion Announcement**”) and the shareholders circular dated 20 March 2014 (the “**Circular**”) pursuant to which the Company raised HK\$149.4 million net proceeds by the issue of 682,480,000 Shares. Except where the context otherwise requires, terms defined in the Circular have the same meanings when used in this announcement.

The Company stated in the Placing Completion Announcement that a portion of the net proceeds of the Placing was earmarked to be used in and towards the payment of part of an indicative deposit to the Possible Vendors. The remainder of the deposit would have had to be funded by further debt or equity financing. However, given that the Proposed Acquisition is still under discussions, the payment of deposit has not yet been scheduled. In order to deploy funds available to the Group more efficiently, the Company is reallocating part of the proceeds of the Placing instead to pay down its debt financings raised in 2012 and 2013 that primarily funded or refinanced borrowings for the Group’s oil and gas project in Argentina and working capital, as this can help reduce the gearing of and borrowing costs to the Group and the balance in and towards general working capital and professional fees in connection with the Proposed Acquisition. Accordingly, the adjusted use of the net proceeds raised under the Placing as follows:

Proposed use of proceeds	As stated in the Placing Completion Announcement	Revised use of proceeds
Payment of deposit for the Proposed Acquisition	HK\$125.5 million	—
Professional fees for the Proposed Acquisition	HK\$16.4 million	HK\$17.4 million
General working capital	HK\$7.5 million	HK\$37.4 million
Reduction of debt financing	—	HK\$94.6 million

The Company intends to review the financing requirements for the Proposed Acquisition when the definitive terms and structure of such transaction are at a more advanced stage. It has been in discussion with investment and commercial banks in respect of possible raising of financing by a combination of equity, equity linked securities and/or debt (whether as loans or debt securities). Further announcement will be made as and when appropriate, in respect of any such issues and the Proposed Acquisition.

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

Hong Kong, 30 September 2014

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.