

## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee. The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights 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.

The Prospectus Documents or other document or material issued in connection with the offer of the Rights Shares (whether in nil-paid or fully-paid form) under this Rights Issue is not a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore ("SFA"). Accordingly, these Prospectus Documents and other document or material issued in connection with the offer of the Rights Shares (whether in nil-paid or fully-paid form) under this Rights Issue have not been and will not be lodged with or registered as a prospectus in Singapore under the SFA. The offer of the Rights Shares (whether in nil-paid or fully-paid form) is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA. The Prospectus Documents and any other document or material in connection with the offer of the Rights Shares (whether in nil-paid or fully-paid form) may not be circulated or distributed, nor may the Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than to a member of the Company pursuant to Section 273(1)(cd) of the SFA.

In addition, the Rights Shares (whether in nil-paid or fully-paid form) that are provisionally allotted to, or subscribed or purchased (as the case may be) by an existing Shareholder in Singapore pursuant to Section 273(1)(cd) of the SFA, may only be subsequently offered or sold within 6 months of the initial provisional allotment, subscription or purchase of such Rights Shares (i) to persons in Singapore pursuant to, and in accordance with the conditions of, an exemption invoked under Subdivision (4) Division I of Part XIII of the SFA; and (ii) to persons to whom the Rights Shares may be offered or sold under such exemption. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty.

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

# **EPI (Holdings) Limited** **長盈集團(控股)有限公司\*** (Incorporated in Bermuda with limited liability) (Stock Code: 689)

## **RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AT HK\$0.14 PER RIGHTS SHARE**

Financial adviser to the Company

  
**Optima Capital Limited**  
Underwriters of the Rights Issue

 **國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

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

**Always Profit Development Limited**

Capitalised terms used in this cover shall have the same meanings as defined in this Prospectus.

It should be noted that the dealings in the Rights Shares in the nil-paid form are expected to take place from Tuesday, 5 January 2016 to Tuesday, 12 January 2016 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. Please refer to "Termination of the Underwriting Agreement" on pages 7 and 9 of this Prospectus for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any Shareholder or other person contemplating dealings in the securities of the Company up to the date on which all conditions to which the Rights Issue is subject (as set out in the paragraph headed "Conditions" under the section headed "Underwriting arrangement and undertakings" in the letter from the Board contained in this Prospectus) are fulfilled and the time by which the Underwriters' right of termination under the Underwriting Agreement ceases (which is expected to be at 4:00 p.m. on Wednesday, 20 January 2016) and any person dealing in the nil-paid Rights Shares during the period from Tuesday, 5 January 2016 to Tuesday, 12 January 2016 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed and are advised to exercise caution when dealing in the securities of the Company and/or the nil-paid Rights Shares.

If in any doubt, Shareholders and other persons contemplating dealings in the securities of the Company and potential investors of the Company are recommended to consult their professional advisers. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. Any dealings in the securities of the Company up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, and any dealings in the nil-paid Rights Shares, is at each investor's own risk that the Rights Issue may not become unconditional or may not proceed.

The Latest Time For Acceptance is 4:00 p.m. on Friday, 15 January 2016. The procedures for acceptance, payment and transfer are set out on pages 17 to 18 of this Prospectus.

\* For identification purpose only

31 December 2015

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## EXPECTED TIMETABLE

*The expected timetable for the Rights Issue and the change in board lot size of the Company is set out below. The expected timetable is subject to change, and any changes will be announced by the Company as and when appropriate.*

<b>Event</b>	<b>2016</b>
First day of dealings in the nil-paid Rights Shares.....	9:00 a.m. on Tuesday, 5 January
Latest time for splitting the nil-paid Rights Shares .....	4:30 p.m. on Thursday, 7 January
Last day of dealings in the nil-paid Rights Shares.....	4:00 p.m. on Tuesday, 12 January
Latest Time For Acceptance .....	4:00 p.m. on Friday, 15 January
Latest Time For Termination and the Rights Issue becomes unconditional .....	4:00 p.m. on Wednesday, 20 January
Announcement of the results of the Rights Issue .....	Tuesday, 26 January
Despatch of certificates for the Rights Shares .....	Wednesday, 27 January
Despatch of refund cheques if the Rights Issue does not proceed.....	Wednesday, 27 January
Expected first day of dealings in the fully-paid Rights Shares and the effective date for trading in new board lot size of 15,000 Shares.....	9:00 a.m. on Thursday, 28 January
Designated broker starts to stand in the market to provide matching service for odd lots of Shares .....	9:00 a.m. on Thursday, 28 January
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares .....	4:00 p.m. on Tuesday, 23 February

<b>EXPECTED TIMETABLE</b>
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**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

All times in this Prospectus refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Friday, 15 January 2016, 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.

## DEFINITIONS

*In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Always Profit”	Always Profit Development Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Zhang
“Announcement”	the announcement of the Company dated 12 November 2015 in relation to, among other things, the Rights Issue
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business and on which the Stock Exchange is open for normal trading, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 2 December 2015 in relation to, among other things, the Rights Issue
“City Smart”	City Smart International Investment Limited, a company incorporated in the BVI with limited liability which holds 1,120,027 Shares (representing approximately 0.15% of the total issued share capital of the Company as at the Latest Practicable Date) and is wholly owned by Mr. Wu
“City Wise”	City Wise Investment Limited, a company incorporated in the BVI with limited liability which holds 71,734,945 Shares (representing approximately 9.86% of the total issued share capital of the Company as at the Latest Practicable Date) and is wholly owned by South America Petroleum Investment Holdings Limited, which is in turn wholly owned by Mr. Wu

## DEFINITIONS

“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
“Completion”	completion of the Rights Issue
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guotai Junan”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to carry out business in Type 1 regulated activity (dealing in securities) and Type 4 regulated activity (advising on securities) under the SFO
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Tse, Always Profit and their respective associates (including Mr. Zhang and Prestige Rich)
“Irrevocable Undertakings”	the irrevocable undertakings dated 12 November 2015 given by Mr. Wu, City Smart, City Wise, Mr. Zhang and Prestige Rich in favour of the Company and the Underwriters, as described in the paragraph headed “Irrevocable Undertakings” under the section headed “Underwriting arrangement and undertakings” in the letter from the Board
“Last Trading Day”	12 November 2015, being the date of the Underwriting Agreement and the last trading day of the Shares before the release of the Announcement
“Latest Practicable Date”	28 December 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining information contained herein

## DEFINITIONS

“Latest Time For Acceptance”	4:00 p.m. on Friday, 15 January 2016, or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time For Termination”	4:00 p.m. on the Settlement Date, i.e. the third Business Day following (but 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tse”	Mr. Tse Kwok Fai, Sammy, an executive Director and the chief executive officer of the Company
“Mr. Wu”	Mr. Wu Shaozhang
“Mr. Zhang”	Mr. Zhang Jinbing
“MW”	mega-watt
“Non-qualifying Shareholders”	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 Rights 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
“O Luxe”	O Luxe Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 860) and is owned as to approximately 27% by Mr. Zhang
“Optionholder(s)”	holder(s) of the Share Option(s)
“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
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

## DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prestige Rich”	Prestige Rich Holdings Limited, a company incorporated in the BVI with limited liability which is interested in 17,943,000 Shares (representing approximately 2.47% of the issued share capital of the Company as at the Latest Practicable Date) and is wholly owned by Mr. Zhang
“Previous Open Offer”	the open offer conducted by the Company on the basis of one offer share for two existing shares then held as announced by the Company on 31 March 2015
“Proposed Acquisition”	has the meaning ascribed to it in the section headed “Business plan of the Group and reasons for the Rights Issue” in the letter from the Board
“Prospectus”	the prospectus to be despatched to the Shareholders in relation to the Rights Issue in such form as may be agreed between the Company and the Underwriters
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 31 December 2015, or such other day as may be agreed between the Company and the Underwriters in writing for the despatch of the Prospectus Documents
“PV”	photovoltaic
“Qualifying Shareholders”	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”	Wednesday, 30 December 2015, or such other date as may be agreed by the Company and the Underwriters in writing for determination of the entitlements under the Rights Issue
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights issue of five (5) Rights Shares for every one (1) existing Share 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 Prospectus Documents



## DEFINITIONS

“Rights Share(s)”	new Share(s) to be allotted and issued under the Rights Issue, being 3,639,268,185 Shares
“Scheme Mandate Limit”	the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme of the Company, which may be renewed/refreshed pursuant to the rules of the Share Option Scheme but shall not exceed 10% of the shares in issued as at the date of approval of the proposed renewal/refreshment by the Shareholders
“Settlement Date”	the third Business Day following (but excluding) the Latest Time For Acceptance (or such other time or date as the Underwriters and the Company may agree in writing) as the day for settlement of the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“SGM”	the special general meeting of the Company convened and held at 10 a.m. on Friday, 18 December 2015 to consider and approve, among other matters, the Underwriting Agreement, the Rights Issue and the refreshment of the Scheme Mandate Limit
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	the share options of the Company 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 held on 6 November 2006
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.14 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriters”	Guotai Junan and Always Profit

## DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 12 November 2015 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	all Rights Shares, other than the 453,989,860 Rights Shares undertaken to be taken up by City Smart, City Wise and Prestige Rich pursuant to the Irrevocable Undertakings
“United States”	United States of America
“Untaken Shares”	any of the Underwritten Shares not taken up on or before the Latest Time For Acceptance
“Warrants”	the non-listed transferable warrants issued by the Company entitling the holders thereof to subscribe for 73,529,411 Shares at the prevailing subscription price of HK\$1.70 per Share (subject to adjustments) during the period from 1 March 2013 to 29 February 2016
“Zhongli”	中利騰輝光伏科技有限公司 (Zhongli Talesun Solar Technology Company Limited*), an entity established under the laws of the PRC
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

*In this Prospectus, amounts in RMB are translated to HK\$ at the rate of RMB1 = HK\$1.22 and US\$ are translated to HK\$ at the rate of US\$1 = HK\$7.78. The conversion rates are for illustration purpose only and should not be taken as the representation that RMB and US\$ could actually be converted into HK\$ at the respective rate or at all.*

\* for identification purposes only

## TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters may terminate the Underwriting Agreement by notice in writing to the Company, served prior to the Latest Time for Termination, 4:00 p.m. (Hong Kong time) on Wednesday, 20 January 2016 (being the third Business Day following (but excluding) the Latest Time For Acceptance), or such later time and date as may be agreed between the Underwriters and the Company 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 Rights Issue 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 Rights Issue; 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 Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

## TERMINATION OF THE UNDERWRITING AGREEMENT

- (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 or 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 Prospectus 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 Prospectus 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 Rights Issue; or (ii) makes it inadvisable or inexpedient to proceed with the Rights Issue, the Underwriters shall be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If prior to the Latest Time for Termination any such termination notice as is referred to above is given by the Underwriters, all obligations of the Underwriters hereunder shall cease and determine and the obligations of all parties under this Agreement (save in respect of such surviving provisions) shall terminate forthwith and no party will have any claim against any other parties (save for any antecedent breaches and claims hereof) PROVIDED THAT the Company shall remain liable to pay such fees and expenses as agreed by the parties pursuant to the terms of the Underwriting Agreement.

**In the event that the Underwriters exercise its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.**

## **TERMINATION OF THE UNDERWRITING AGREEMENT**

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**It should be noted that the dealings in the Rights Shares in the nil-paid form are expected to take place from Tuesday, 5 January 2016 to Tuesday, 12 January 2016 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. Please refer to “Termination of the Underwriting Agreement” above in this Prospectus for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed, in which case a further announcement will be made by the Company as and when appropriate.**

**Any Shareholder or other person contemplating dealings in the securities of the Company up to the date on which all conditions to which the Rights Issue is subject (as set out in the paragraph headed “Conditions” under the section headed “Underwriting arrangement and undertakings” in the letter from the Board contained in this Prospectus) are fulfilled and the time by which the Underwriters’ right of termination under the Underwriting Agreement ceases (which is expected to be at 4:00 p.m. on Wednesday, 20 January 2016) and any person dealing in the nil-paid Rights Shares during the period from Tuesday, 5 January 2016 to Tuesday, 12 January 2016 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed and are advised to exercise caution when dealing in the securities of the Company and/or the nil-paid Rights Shares.**

If in any doubt, Shareholders and other persons contemplating dealings in the securities of the Company and potential investors of the Company are recommended to consult their professional advisers. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. Any dealings in the securities of the Company up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, and any dealings in the nil-paid Rights Shares, is at each investor’s own risk that the Rights Issue may not become unconditional and may not proceed.

LETTER FROM THE BOARD

**EPI** **EPI (Holdings) Limited**  
**長盈集團(控股)有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 689)**

*Non-executive Chairman:*  
Mr. Ho King Fung, Eric

*Executive Directors:*  
Mr. Tse Kwok Fai, Sammy (*Chief Executive Officer*)  
Mr. Chan Chi Hung, Anthony

*Independent non-executive Directors:*  
Mr. Qian Zhi Hui  
Mr. Teoh Chun Ming  
Mr. Zhu Tiansheng

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal Place of business  
in Hong Kong:*  
Room 1108–09, 11/F  
Harbour Centre  
25 Harbour Road  
Wanchai, Hong Kong

31 December 2015

*To the Qualifying Shareholders and, for information purpose only,  
the Non-qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE  
HELD ON THE RECORD DATE  
AT HK\$0.14 PER RIGHTS SHARE**

**INTRODUCTION**

Reference is made to the Announcement dated 12 November 2015 and the Circular dated 2 December 2015 whereby the Board announced that the Company proposed to conduct the Rights Issue to raise gross proceeds of not less than approximately HK\$509.5 million and not more than approximately HK\$576.7 million. The Company will allot and issue not less than 3,639,268,185 Rights Shares and not more than 4,119,609,640 Rights Shares at the Subscription Price of HK\$0.14 per Rights Share on the basis of five Rights Shares for every one existing Share held on the Record Date. The estimated net proceeds from the Rights Issue will be not less than approximately HK\$503.7 million and not more than approximately HK\$570.2 million. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriters on the terms and subject to the conditions as set out in the Underwriting Agreement. The Rights Issue is only available to the Qualifying Shareholders. At the SGM convened and held on Friday, 18 December 2015, the

\* for identification purposes only

## LETTER FROM THE BOARD

necessary resolutions approving, among other things, the Underwriting Agreement, the Rights Issue and the refreshment of Scheme Mandate Limit, were duly passed by the Independent Shareholders or the Shareholders (as the case may be) by way of poll.

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, financial information and other general information of the Group.

### (1) PROPOSED RIGHTS ISSUE

#### **Rights Issue statistics**

Basis of the Rights Issue	: five (5) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	: HK\$0.14 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	: 727,853,637
Number of Rights Shares	: 3,639,268,185 Rights Shares
Aggregate nominal value of the Rights Shares	: HK\$36,392,681.85
Enlarged issued share capital of the Company upon Completion	: 4,367,121,822 Shares
Number of Underwritten Shares	: 3,185,278,325 Rights Shares
Underwriters	: (i) Guotai Junan; and (ii) Always Profit, a company wholly owned by Mr. Zhang

# LETTER FROM THE BOARD

As at the Latest Practicable Date:

- (i) there were outstanding Share Options which were granted under the Share Option Scheme at nil consideration and entitle the holders thereof to subscribe for a total of 22,538,880 new Shares, details of which are set out below:

Date of grant	Exercise price (HK\$)	Number of underlying Shares
11 April 2013	2.1722	15,025,920
25 November 2013	<u>1.8656</u>	<u>7,512,960</u>
<b>Total</b>		<b><u><u>22,538,880</u></u></b>

- (ii) there were outstanding Warrants which entitle the holders thereof to subscribe for a total of 73,529,411 new Shares at the prevailing subscription price of HK\$1.70 per Share (subject to adjustments) during the period from 1 March 2013 to 29 February 2016.

According to the terms of the Underwriting Agreement, the obligations of the Underwriters under the Underwriting Agreement are conditional on, among other things, the cancellation of the Share Options to an extent that the aggregate Share Options remaining outstanding shall entitle the holder(s) thereof to subscribe for not more than 22,538,880 Shares immediately after such cancellation (the “**Share Options Cancellation**”). As disclosed in the announcement of the Company dated 20 November 2015, the Share Options Cancellation has become effective on 20 November 2015.

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

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to Completion, the 3,639,268,185 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent:

- (i) 500.00% of the issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 83.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.



## LETTER FROM THE BOARD

Despite the potential dilution effects of the Rights Issue on the shareholding interests of the Shareholders in the Company, the Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account that:

- (i) the Independent Shareholders were given the opportunity to express their view on the terms of the Rights Issue and the Underwriting Agreement through their votes at the SGM, and the relevant resolutions were duly passed by the Independent Shareholders at the SGM;
- (ii) whilst the dilution nature of Rights Issue is common in the market if the Qualifying Shareholders did not take up their entitlements under the Rights Issue in full, the Qualifying Shareholders who choose to take up their entitlements in the Rights Issue in full are able to maintain their respective existing shareholding interests in the Company after the Rights Issue;
- (iii) the Rights Issue provides the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market prices of the Shares as discussed in more detail below; and
- (iv) the Qualifying Shareholders who do not wish to take up their entitlements in the Rights Issue are able to sell the nil-paid Rights Shares in the market, while those who wish to increase their shareholding interests in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market.

### **The Subscription Price**

The Subscription Price of HK\$0.14 per Rights Share will be payable in full by a Qualifying Shareholder upon acceptance of the provisional allotments of the Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 28.21% to the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 65.43% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 65.60% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day of HK\$0.407 per Share;
- (iv) a discount of approximately 65.26% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.403 per Share;

## LETTER FROM THE BOARD

- (v) a discount of approximately 23.91% to the theoretical ex-rights price of approximately HK\$0.184 per Share based on the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a discount of approximately 25.53% to the consolidated net asset value per Share as at 30 June 2015 of approximately HK\$0.188 (which is calculated based on the unaudited consolidated net asset value of the Group as at 30 June 2015 of approximately HK\$136.7 million and 727,853,637 Shares in issue as at the Latest Practicable Date).

The Company had approached the Underwriters and a number of financial institutions for the underwriting arrangement of the Rights Issue. During the course of negotiations, it had been indicated to the Company that it was one of the requisite terms to set the Subscription Price at a relatively deep discount to the recent closing prices of the Shares in order to mitigate the underwriting risk to the potential underwriters. The terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriters, taking into account the following factors: (i) as at 30 June 2015, the unaudited consolidated net assets of the Group amounted to approximately HK\$136.7 million, equivalent to approximately HK\$0.188 per Share based on 727,853,637 Shares in issue as at the Latest Practicable Date; (ii) the prevailing sentiment in the Hong Kong stock market; (iii) the net loss of the Group for the five consecutive financial years since 2010; (iv) the net cash used in operating activities of the Group for the four consecutive financial years since 2011; (v) the Group's reliance on a single geographical market, namely Argentina, and the risk exposure relating to its uncertain political and economic situation; and (vi) the capital needs and the financial position of the Group.

Having considered the recent volatility in the Hong Kong stock market and the possible devaluation trend of Asian currencies in the future, the Directors believe that it would be difficult to attract the Qualifying Shareholders to make further investment in the Company through the Rights Issue if the Subscription Price is not set at a discount to the recent closing prices of the Shares. As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors consider that the Subscription Price which is set at a discount to the recent closing prices of the Shares would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group.

Based on the above, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Rights Issue**

The Rights Issue is conditional on the obligations of the Underwriters under the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement. Please refer to the paragraph headed "Conditions" under the section headed "Underwriting arrangement and undertakings" below for details of the conditions of the Underwriting Agreement.

## **LETTER FROM THE BOARD**

### **Basis of provisional allotments**

The basis of the provisional allotments shall be five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the Latest Time for Acceptance.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of such Rights 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 fully-paid Rights Shares.

### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purpose only, to the Non-qualifying Shareholders.

To qualify for the Rights Issue, 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 have lodged any transfers of the Shares (together with the relevant share certificates) with the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Wednesday, 23 December 2015.

### **Rights of the Overseas Shareholders (if any)**

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

## LETTER FROM THE BOARD

According to the register of members of the Company, as at the Latest Practicable Date, there are the following Overseas Shareholders:

Number of Shareholders	Jurisdiction
1	BVI
1	Canada
3	PRC
3	Macau
3	Malaysia
1	New Zealand
<u>2</u>	Singapore
Total	<u><u>14</u></u>

The Company has made enquiry with its legal advisers regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant place and the requirements of the relevant regulatory body or the stock exchange.

The Company has been advised by its legal advisers on the laws of the BVI, the PRC, Macau and Singapore that either (i) there is no legal restriction under the applicable legislation of the relevant jurisdictions or requirement of any relevant regulatory body or stock exchange with respect to the extension of the Rights Issue to the Overseas Shareholders in the relevant jurisdictions; or (ii) the Company would be exempt from obtaining approval from, and/or registration of the Prospectus Documents with, the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions since the Company would meet the relevant requirements for exemption under the relevant jurisdictions. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered addresses in the BVI, the PRC, Macau and Singapore.

The Company has been advised by its legal advisers on the laws of Canada, Malaysia and New Zealand that whilst the Prospectus Documents may be exempted from being registered or filed with the relevant authorities in the relevant jurisdictions, the Company would need to take additional steps to comply with the regulatory requirements. Having considered the circumstances, the Directors are of the view that it is inexpedient for the Rights Issue to be offered to such Overseas Shareholders whose addresses are located in Canada, Malaysia and New Zealand taking into consideration of the time and costs involved in complying with the legal requirements and therefore have decided not to extend the Rights Issue to the Overseas Shareholders with registered addresses in Canada, Malaysia and New Zealand. The Company will send copies of the Prospectus to the Non-qualifying Shareholders for their information purposes only, but will not send any PAL to them.

The Company will make arrangements to sell in the market the provisional allotment of the Rights Shares which would otherwise have been allotted to the Non-qualifying Shareholders (if any) as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of

## LETTER FROM THE BOARD

expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro-rata to the Non-qualifying Shareholders (if any) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlement of Non-qualifying Shareholders (if any) and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of the nil-paid Rights Shares, will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

### **Procedures for acceptance, payment and transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Friday, 15 January 2016. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **"EPI (Holdings) Limited — Rights Issue Account"** and crossed **"Account Payee Only"**. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 15 January 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 7 January 2016 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second business day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the

## LETTER FROM THE BOARD

Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriters exercise the right to terminate the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Wednesday, 27 January 2016.

No receipt will be issued in respect of any application monies received.

### **No application for excess Rights Shares**

No application for excess Rights Shares will be offered to the Qualifying Shareholders. Any Untaken Shares will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. The excess application mechanism may be abused by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications and be possibly allocated more excess Rights Shares, which is not considered to be fair and equitable. In addition, the excess application mechanism may result in an unexpected introduction of a new substantial shareholder or controlling shareholder to the Company which may cast uncertainties on the Company's future direction and may not be in the interests of the Company and the Shareholders as a whole.

In light of the above and that the Independent Shareholders were given the opportunity to express their view on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the SGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

## **LETTER FROM THE BOARD**

### **Share certificates for the Rights Shares and refund cheques**

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Wednesday, 27 January 2016 to those entitled thereto by ordinary post at their own risks. If the Rights Issue does not proceed, refund cheques are expected to be posted on or before Wednesday, 27 January 2016 by ordinary post to the applicants at their own risk.

### **Application for listing of the Rights Shares**

As at the Latest Practicable Date, the Company has made an application to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) 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.

Dealings in the Rights Shares in their fully-paid form in new board lot size of 15,000 Shares and the Rights Shares in their nil-paid form in the existing board lot size of 5,000 Shares, which are registered in the Registrar, will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) 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 Rights Shares (in both their nil-paid and fully-paid forms) 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 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.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully-paid forms) to be admitted into CCASS.

### **UNDERWRITING ARRANGEMENT AND UNDERTAKINGS**

The Rights Issue (excluding the Rights Shares which are subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement as set out below.



## LETTER FROM THE BOARD

### Principal terms of the Underwriting Agreement

Date	:	12 November 2015
Parties	:	(i) The Company;  (ii) Guotai Junan; and  (iii) Always Profit, a company wholly owned by Mr. Zhang.  To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guotai Junan, Always Profit and their respective ultimate beneficial owner(s) are third party(ies) independent of the Company and its connected persons.
Total number of Rights Shares underwritten	:	3,185,278,325 Rights Shares
Underwriting commitment	:	(i) Firstly, as to 702,000,000 Rights Shares by Always Profit; and  (ii) then, as to the total number of Underwritten Shares less 702,000,000 Rights Shares, i.e. 2,483,278,325 Rights Shares, by Guotai Junan.
Commission	:	1.0% of the aggregate Subscription Price in respect of the Rights Shares agreed to be underwritten by the Underwriters. The commission rate was determined after arm's length negotiations between the Company and the Underwriters with reference to, among other things, the scale of the Rights Issue and market rate. 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 paragraph headed "Conditions" below.
Termination	:	Please refer to the section headed "Termination of the Underwriting Agreement" in this Prospectus.



## LETTER FROM THE BOARD

### Information on Always Profit and Mr. Zhang

As at the Latest Practicable Date, based on the information provided by Always Profit and Mr. Zhang and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Always Profit was a company incorporated in the BVI with limited liability; (ii) Always Profit was principally engaged in investment holding and its ordinary course of business did not include underwriting; (iii) Always Profit was wholly owned by Mr. Zhang and did not hold any Shares; and (iv) Mr. Zhang was a third party independent of and had no prior or current business dealings or relationships with Zhongli (being the vendor under the Proposed Acquisition).

As at the Latest Practicable Date, (i) Mr. Zhang was the ultimate beneficial owner of Prestige Rich, which held 17,943,000 Shares, representing approximately 2.47% of the issued share capital of the Company; and (ii) Mr. Zhang was interested in approximately 27% of the issued share capital of O Luxe, the issued shares of which were listed on the Main Board of the Stock Exchange (stock code: 860). As at the Latest Practicable Date, O Luxe was interested in 9,275,000 Shares through its wholly-owned subsidiaries, representing approximately 1.27% of the existing issued share capital of the Company.

The management of the Company is acquainted with a number of existing Shareholders and potential investors including Mr. Zhang which had indicated general willingness to invest in the Company from time to time. The management of the Company started to approach potential investors including Mr. Zhang after the Company entered into the memorandum of understanding with Zhongli with respect to the Proposed Acquisition with a view to soliciting support for possible fund raising activities of the Company to finance the Proposed Acquisition. At the same time, the Directors also considered to raise funds by way of the Rights Issue and approached potential underwriters including Guotai Junan, which also acted as the underwriter for the Previous Open Offer, to negotiate on the terms of the possible fund raising. While Guotai Junan indicated that they were only willing to take up a maximum underwriting commitment of not more than HK\$400 million, the management of the Company approached Mr. Zhang to see if he was willing to act as the co-underwriters alongside with Guotai Junan. After further negotiations among the Company, Guotai Junan and Mr. Zhang, it was agreed that Guotai Junan and Always Profit shall act as co-underwriters for the Rights Issue with respective underwriting commitments as set out in the paragraph headed "Principal terms of the Underwriting Agreement" above.

### Irrevocable Undertakings

As at the Latest Practicable Date, (i) Mr. Wu was interested in 72,854,972 Shares (representing approximately 10.01% of the existing issued share capital of the Company), of which 71,734,945 Shares were held by City Wise and 1,120,027 Shares were held by City Smart (both companies were wholly owned by Mr. Wu); and (ii) Prestige Rich was interested in 17,943,000 Shares (representing approximately 2.47% of the existing issued share capital of the Company). Mr. Wu, City Smart, City Wise, Mr. Zhang and Prestige Rich have executed the Irrevocable Undertakings in favour of the Company and the Underwriters, pursuant to which, among other things, (i) each of City Smart, City Wise and Prestige Rich has irrevocably undertaken that the Shares beneficially owned by them on the date of the Irrevocable

## LETTER FROM THE BOARD

Undertakings will remain beneficially owned by them on the Record Date and each of them has irrevocably undertaken to lodge application and pay for their respective provisional allotments of the Rights Shares under the Rights Issue (being an aggregate of 453,989,860 Rights Shares); (ii) each of City Smart and City Wise has irrevocably undertaken to vote in favour of the resolution in relation to the Rights Issue at the SGM; and (iii) each of Mr. Wu and Mr. Zhang has irrevocably undertaken to procure the performance of the obligations of City Smart, City Wise and Prestige Rich as mentioned above respectively.

### Conditions

The obligations of the Underwriters under the Underwriting Agreement are conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (iii) compliance by the Company with its obligations under the Underwriting Agreement;
- (iv) (a) 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 Prospectus Documents); and (b) no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (whether or not conditions will or may be attached thereto) (other than pending publications of announcements in respect of the Rights Issue);
- (v) the execution and delivery of the Irrevocable Undertakings in favour of the Company and the Underwriters on the date of the Underwriting Agreement;
- (vi) the Share Options Cancellation having become effective;
- (vii) the Shareholders (other than those who are required to abstain from voting pursuant to the Listing Rules) having approved at a general meeting the Rights Issue; and
- (viii) the Shareholders (other than those who are required to abstain from voting pursuant to the Listing Rules) having approved at a general meeting the refreshment of the existing scheme mandate in respect of granting of the Share Options to the extent that the total number of shares in the capital of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other option schemes of the Company will not exceed 10% of the issued share capital of the Company as at the date of that general meeting (subject to adjustments on share consolidation or subdivision).

## LETTER FROM THE BOARD

In the event that the above conditions are not 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, 20 January 2016 or such other date as may be agreed between the Company and the Underwriters in writing), or if the Underwriting Agreement is terminated, all obligations and liabilities of the parties thereunder shall forthwith cease and determine and no party shall have any claim against the other parties (save for any antecedent breaches and claims hereof). As at the Latest Practicable Date, conditions (v), (vi), (vii) and (viii) as mentioned above had been fulfilled. Conditions (i) as mentioned above is expected to be fulfilled on or before the Prospectus Posting Date.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to Completion:

	(i) As at the Latest Practicable Date		(ii) Immediately after Completion, assuming all the Rights Shares are subscribed by the Qualifying Shareholders		(iii) Immediately after Completion, assuming no Qualifying Shareholders (other than City Smart, City Wise and Prestige Rich) applied for their provisional allotments	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
City Wise (Note 1)	71,734,945	9.86	430,409,670	9.86	430,409,670	9.86
City Smart (Note 2)	<u>1,120,027</u>	<u>0.15</u>	<u>6,720,162</u>	<u>0.15</u>	<u>6,720,162</u>	<u>0.15</u>
Subtotal	72,854,972	10.01	437,129,832	10.01	437,129,832	10.01
Mr. Tse (Note 3)	330,000	0.04	1,980,000	0.04	330,000	0.01
Prestige Rich (Note 4)	17,943,000	2.47	107,658,000	2.47	107,658,000	2.47
Always Profit (Notes 4, 6 and 7)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>702,000,000</u>	<u>16.07</u>
Subtotal	91,127,972	12.52	546,767,832	12.52	1,247,117,832	28.56
O Luxe (Note 5)	9,275,000	1.27	55,650,000	1.27	9,275,000	0.21
Guotai Junan (Notes 6 and 7)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,483,278,325</u>	<u>56.86</u>
Other public Shareholders	<u>627,450,665</u>	<u>86.21</u>	<u>3,764,703,990</u>	<u>86.21</u>	<u>627,450,665</u>	<u>14.37</u>
<b>Total</b>	<b><u>727,853,637</u></b>	<b><u>100.00</u></b>	<b><u>4,367,121,822</u></b>	<b><u>100.00</u></b>	<b><u>4,367,121,822</u></b>	<b><u>100.00</u></b>

## LETTER FROM THE BOARD

### *Notes:*

1. As at the Latest Practicable Date, City Wise was wholly owned by South America Petroleum Investment Holdings Limited, which was in turn wholly owned by Mr. Wu.
2. As at the Latest Practicable Date, City Smart was wholly owned by Mr. Wu.
3. As at the Latest Practicable Date, Mr. Tse was an executive Director and the chief executive officer of the Company.
4. As at the Latest Practicable Date, Prestige Rich and Always Profit were wholly owned by Mr. Zhang.
5. As at the Latest Practicable Date, Mr. Zhang was interested in approximately 27% of the issued share capital of O Luxe.
6. Pursuant to the Underwriting Agreement:
  - (i) none of the Underwriters shall 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 Completion;
  - (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 (a) shall be third party independent of, not acting in concert with and not connected with the directors or chief executive of the Company or substantial Shareholders or their respective associates; (b) shall not, together with any of its associates, hold 10% or more of the Shares upon Completion; and (c) shall not, together with party(ies) acting in concert 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; and
  - (iii) each of the Underwriters shall use its best endeavours to ensure each of the sub-underwriters shall 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.
7. As at the Latest Practicable Date, none of the Underwriters had any sub-underwriting arrangements in place and no sub-underwriters had been identified by the Underwriters.

## **BUSINESS PLAN OF THE GROUP AND REASONS FOR THE RIGHTS ISSUE**

The Company is an investment holding company. The Group is principally engaged in petroleum exploration and production in the Puesto Pozo Cercado Concession and Chañares Herrados Concession (together, the “**Concessions**”) in Cuyana Basin, Mendoza Province of Argentina.

### **Petroleum exploration and production**

As at the Latest Practicable Date, there were 10 production wells at the Concessions. The Group was entitled to 72% interest in production of 5 production wells and 51% interest in production from the remaining 5 production wells. For each of the two years ended 31 December 2013 and 2014, the Group recorded revenue from sale of petroleum of approximately HK\$89.9 million and HK\$85.7 million respectively. Despite the petroleum exploration and production business of the Group was able to generate positive segment results (excluding impairment losses) of approximately HK\$4.4 million and HK\$17.3 million for each of the two years ended 31 December 2013 and 2014 respectively, the Group was loss making

## LETTER FROM THE BOARD

due to the significant amount of impairment losses of the exploration and evaluation assets and finance expenses incurred by the Group. Having considered the current economic situation of Argentina, the Group decided to restart the overall business development plan in respect of the Concessions in later years and focus on workover and infrastructure investments to improve production on the existing oil wells. At the same time, the Group has been searching for opportunities in businesses including oil and gas exploration and production, energy related projects and other businesses which would generate satisfactory return to the Group and diversify the Group's risk exposure in Argentina. To this end, the Group entered into a letter of intent in January 2014 with respect to a proposed acquisition of certain oil and gas properties in the United States (the “**Possible Oil Properties Acquisition**”). However, as disclosed in the announcement of the Company dated 8 January 2015, the significant decreases in oil price and the lack of visibility on near to medium term prospects of a sustained rebound in oil prices presented challenges for the Company to pursue the basic purchase price range which was set out in the letter of intent in relation to the Possible Oil Properties Acquisition. As at the Latest Practicable Date, negotiation on the Possible Oil Properties Acquisition had been suspended.

### **Solar power plant investments**

In order to diversify the risks encountered by the Group's petroleum exploration and production business in Argentina, the Company has been actively conducting review of the market situation and potential investments made available to it in order to identify investment opportunities in other energy related sectors that may create shareholders value.

#### *Favorable national policies with respect to the development of renewable energy sectors*

Among the various energy sources, solar energy is a clean and renewable energy which does not generate pollutants, wastes and greenhouse gases. The Directors note that the PRC government has continued to promulgate favorable policies to support the development of solar power generation business in the PRC over the years.

In December 2011, the National Energy Administration (“NEA”) issued 《國家能源科技“十二五”規劃》 (the National Energy Technology Twelfth Five Year Plan\*) (the “**NET 12th Five-Year Plan**”) which cited that the proportion of solar energy consumption volume to the total energy consumption volume in the world is expected to increase in the future. The NET 12th Five-Year Plan stated that one of the national directions for energy technology development is to reduce reliance on coal energy and shift to use clean, diversified and low-carbon energy. Despite the looming economic pressure in the first half of 2015, NEA considered that the growth of solar power industry in the PRC remained robust. The NEA further published 《關於下達2015年光伏發電建設實施方案的通知》 (Notice About The Implementation of Photovoltaic Power Generation Construction Plan for 2015\*) in March 2015. Such notice (i) set out the national target for construction of solar power plants in 2015 including target construction scale for respective provinces in the PRC; (ii) offered priority to certain well-established solar power plants for connecting to the grid; and (iii) encouraged competition in the solar power generation industry by encouraging companies with strong technological support and economic strength to participate in constructing solar power plants so as to reduce the construction costs of solar power plants and subsequently the grid power price.

\* For identification purposes only

## LETTER FROM THE BOARD

Currently, the PRC government strives to accelerate the development and production of renewable energy during the NET 12th Five-Year Plan period. To this end, the PRC government focuses on the development of many renewable energy generation projects, including solar power generation, wind power generation and the PV water heating generation.

### *The Proposed Acquisition*

In light of the policies promulgated by the PRC government to support the development of solar power, the Directors consider the prospects of solar power generation industry in the PRC is promising and believe that the investment in the solar power generation business is beneficial to the Group in the long run. The Directors believe that the sooner the Group taps into the solar power industry through its investments in solar power plants, the earlier such investments will bring contribution to the Group and benefit the Shareholders and the Group as a whole. The Company intends to diversify into the solar power generation business in the PRC by acquiring solar power plants which meet the following criteria (the “Criteria”):

- (i) all of the licences, approvals, consents and agreements necessary for the solar power plant to carry out the solar power generation business and supply electricity to the grid having been obtained, including but not limited to the approval for on-grid connection and agreement for power supply;
- (ii) the solar power plants being qualified for subsidies granted by the local government for supplying solar power;
- (iii) the planned total installed capacity of each solar power plant being no less than 10MW;
- (iv) the average internal rate of return of the solar power plant being no less than 8.5% per annum over 15 to 20 years since commencement of operation; and
- (v) the projected payback period of the solar power plant being no longer than 10 years.

Based on the Company’s understanding, after the construction work of the solar power plants are completed and the solar power plants are connected to the grid, they will operate automatically to generate and supply electricity to the grid. It is expected that the operation of the solar power plants will only involve a few staff, including (i) a small team which comprises three to four technicians and one management staff to monitor the operation thereof through computerised systems and perform ad hoc maintenance works, and (ii) a few administrative staff to perform general administrative and accounting work. Accordingly, the operating expenses of the solar power plant which usually include staff salaries and benefits, office expenses, maintenance costs and tax expenses, are expected to be funded by internally generated cash derived from solar power plant operation. Substantial capital injection is not expected to be required after the solar power plant commences operation. In light of this, the Group intends to acquire solar power plants of which construction work has been completed and are in operation and permitted to connect and supply electricity to the grid, such that the solar power plants are able to generate immediate cash flow and require less administrative efforts to administer.



## LETTER FROM THE BOARD

As disclosed in the announcement of the Company dated 2 September 2015, the Group entered into a memorandum of understanding (the “**MOU**”) with Zhongli (a subsidiary of one of the top twenty PV power plant investment companies in the PRC) with respect to a proposed acquisition of a target company which will hold the entire interests in certain solar power plants (the “**Proposed Acquisition**”). The MOU does not create any legally binding commitment between the parties thereto to proceed with the Proposed Acquisition. Such solar power plants are expected to have aggregate production capacity of 60MW and are located in Changshu and Liyang of Jiangsu Province and Mingchuan of Anhui Province in the PRC. The electricity generated by the solar power plants is expected to be supplied to the local state grid companies. Under the MOU, the Group has the right to conduct due diligence for a period of 3 months (the “**Due Diligence Period**”) from the signing of the MOU (i.e. from 1 September 2015 to 30 November 2015) and is given exclusivity in negotiations on the Proposed Acquisition for a period of 6 months from the signing of the MOU (i.e. from 1 September 2015 to 28 February 2016), whereas the parties to the MOU will use their best endeavours to negotiate and enter into definitive agreements for the Proposed Acquisition within the said 6-month period (the “**Negotiation Period**”). Subject to the results of the due diligence review on the solar power plants and the negotiation between the Group and Zhongli, the Group is not obliged to acquire all solar power plants but may only acquire any part thereof, by requesting Zhongli to transfer only some of the prospective solar power plants to the said target company. On 30 November 2015, Xin Wei and Zhongli entered into a written confirmation to extend the Due Diligence Period and the Negotiation Period to 2 March 2016 and 2 June 2016 respectively. As at the Latest Practicable Date, the Group was still conducting the due diligence review on the solar power plants and required additional time to complete such due diligence review. In the event that the Group has not served written notice to Zhongli regarding the results of its due diligence review within 5 business days after 2 March 2016 or where the results of the due diligence is unsatisfactory, Zhongli shall no longer be subject to the exclusivity provision for the negotiations on the Proposed Acquisition under the MOU. At the initial stage, the Company intends to acquire solar power plants with aggregate production capacity of not less than 30MW and the acquisition is targeted to be completed in the first half of 2016.

### *Consideration*

Based on the Company’s understanding, the consideration for acquisition of solar power plant is generally determined based on the production capacity of the solar power plant to be acquired, and the price of solar power plant per unit of production capacity currently ranges from approximately RMB7.60 per Watt to RMB9.28 per Watt in the solar power industry in Jiangsu Province and Anhui Province of the PRC. As at the Latest Practicable Date, the Group had not entered into any legally binding agreements with Zhongli for the Proposed Acquisition. The Group was in the process of performing due diligence review on the solar power plants and evaluating the suitability of such solar power plants for acquisition. The Company would determine whether or not to proceed with the Proposed Acquisition by considering, among other things, the results of the due diligence review, the suitability of such solar power plants in accordance with the stated Criteria, and the consideration and payment terms to be agreed between the Group and Zhongli. The Company will make further announcement(s) in relation to the Proposed Acquisition as and when appropriate.

## LETTER FROM THE BOARD

The consideration for the Proposed Acquisition is estimated to be approximately RMB253.2 million (equivalent to approximately HK\$309.0 million) based on the price of solar power plant per unit of production capacity of RMB8.44 per Watt and the professional fees and transaction costs attributable thereto is estimated to be approximately HK\$8.0 million. The Company intends to fund the Proposed Acquisition including the professional fees and transaction costs attributable thereto with the net proceeds from the Rights Issue. In the event that the Group pursues additional acquisition of solar power plants in future, the Company intends to finance such acquisition by debt financing and/or further equity financing, depending on the financing means then available to the Group.

In addition to the Proposed Acquisition, the Group has also been actively exploring other opportunities to acquire suitable solar power plants. In the event that the Group decides not to proceed with the Proposed Acquisition and the Group is not able to identify other suitable solar power plants to acquire from Zhongli, the Group intends to source suitable solar power plants for acquisition from other potential sellers which are the top twenty PV power plant investment companies engaged in construction of power plants in the PRC. In such circumstances, the net proceeds from the Rights Issue initially allocated for the Proposed Acquisition will instead be applied to the acquisition of other suitable solar power plants. Having considered that there is abundant supply of solar power plants in the market, the Directors are confident that the Group will be able to identify suitable acquisition targets and venture into the solar power generation business.

### **Money Lending Business**

The Company has incorporated a wholly-owned subsidiary on 30 July 2015, namely Have Result Finance Limited (“**HR Finance**”). HR Finance has lodged the application for money lenders license to the Commissioner of the Police and the Registrar of Money Lenders and has obtained the money lenders license on 19 November 2015. It is expected that HR Finance will commence the money lending business, focusing on the provision of corporate loans, within three months after receiving the money lenders license, so as to allow sufficient time for HR Finance to establish loan approval policies including credit review and collateral pledging policies before it solicits any financing business. It will consider recruiting professionals with relevant experience to assist the Directors to manage this business. The initial plan is to build up a loan portfolio in the amount of HK\$50 million to HK\$100 million during the first year of operation, depending on the funding available to the Group. In future, the Company intends to finance the operation of HR Finance by debt financing and/or further equity financing, depending on the financing means then available to the Group.

### **USE OF PROCEEDS AND REASONS FOR THE RIGHTS ISSUE**

As at the Latest Practicable Date, the Group had a short-term loan from a licensed money lender in the principal amount of HK\$20 million which will be due for repayment in February 2016 and bank borrowings from China Development Bank Corporation Hong Kong Branch in the principal amount of HK\$163.8 million, of which HK\$54.6 million will be due for repayment in November 2016, HK\$54.6 million will be due for repayment in November 2017 and HK\$54.6 million will be due for repayment in November 2018 according to the terms of the loan facility.



## LETTER FROM THE BOARD

The gross proceeds from the Rights Issue will be approximately HK\$509.5 million before expenses. The estimated net proceeds from the Rights Issue will be approximately HK\$503.7 million. The net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.138. The Company intends to apply such net proceeds as to (i) approximately HK\$317.0 million for the Proposed Acquisition including the professional fees and transaction costs attributable thereto; (ii) approximately HK\$134.4 million for the repayment of the principal amount of the Company's debts due within the next 24 months (together with interests accrued thereon) by June 2016; and (iii) approximately HK\$52.3 million for the general working capital of the Group.

As mentioned above, if the Group decides not to proceed with the Proposed Acquisition and the Group is not able to identify other suitable solar power plants to acquire from Zhongli, the Group intends to source suitable solar power plants for acquisition from other PV power plants investors in the market. Accordingly, the net proceeds from the Rights Issue of approximately HK\$317 million which were initially allocated for the Proposed Acquisition (the **"Net Proceeds for Solar Plant Projects"**) will instead be applied to the acquisition of suitable solar power plants from other PV power plant investors in the market. Should the Company fail to complete the Proposed Acquisition or other potential acquisition of solar power plants within the 12 months after Completion, the Company intends to reallocate the Net Proceeds for Solar Plant Projects as to (i) approximately HK\$55.8 million to repay the Company's debt due in November 2018; and (ii) subject to the then market conditions, approximately HK\$261.2 million for the drilling of new oil wells and/or investment in workover on existing oil wells to improve the production of oil in the Concessions.

The Board considers that the Rights Issue will enable the Group to strengthen the capital base of the Group, reduce its debt and enhance its financial position, and cater for the capital needs of the Proposed Acquisition. The Rights Issue will provide the Qualifying Shareholders opportunity to participate in the enlargement of the capital base of the Company and enable the Qualifying Shareholders 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 the Rights Issue 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 Rights Issue and the commission rate) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, bank borrowings, placing and open offer. The Board believes the Rights Issue represents a more cost effective means to raise the necessary funds for the capital requirements of the Group as compared to the other alternatives, having considered that (i) debt financing and bank borrowings would result in additional interest burden to and higher gearing ratio for the Group; (ii) placing of new Shares would not be available for all Qualifying Shareholders and would possibly dilute the shareholding interests of the existing Shareholders; and (iii) open offer would not provide an additional option to those Qualifying Shareholders who do not wish to take up their entitlements to sell their entitled nil-paid Rights Shares and those who wish to increase their shareholding interests

## LETTER FROM THE BOARD

in the Company to acquire additional nil-paid Rights Shares in the market. The Board believes that the Rights Issue enables the Shareholders to maintain their pro-rata shareholding interests in the Company and is in the interests of the Company and the Shareholders as a whole.

### FUND RAISING EXERCISE IN THE PRECEDING 12-MONTH PERIOD

The table below sets out the fund raising exercise conducted by the Company in the past 12 months immediately before the Latest Practicable Date:

Date of announcement	Date of completion of the fund raising activity	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
31 March 2015	17 June 2015	The Previous Open Offer	Approximately HK\$119 million	(i) approximately HK\$97 million for the repayment of the Company's debts; and  (ii) remaining proceeds for the general working capital of the Group and/or future investment activities when such investment opportunities arise.	(i) approximately HK\$97 million has been used for the repayment of the Company's debt; and  (ii) approximately HK\$22.0 million has been used as general working capital of the Company.

Save as disclosed above, the Company has not conducted any other fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

# LETTER FROM THE BOARD

The table below sets forth the dilution effect of the Rights Issue and the Previous Open Offer:

Date of announcement	Event	Dilution to the Share price (Note 1)	Maximum potential dilution to the shareholding interests of the Shareholders who do/ did not participate in the relevant fund raising exercise(s) (Note 2)
31 March 2015	The Previous Open Offer (on the basis of one offer share for every two existing shares then held) completed by the Company in June 2015	15.1%	33.33%
12 November 2015	The Rights Issue (on the basis of five Rights Shares for every one existing Share held)	54.6%	83.33%
	<i>Accumulative dilution effect on the Share price resulting from the Previous Open Offer and the Rights Issue</i>	61.5%	N/A
	<i>Accumulative dilution effect to those Shareholders who do/did not participate in both the Previous Open Offer and the Rights Issue</i>	N/A	88.89%

*Notes:*

- (1) The dilution effect on the Share price is calculated as the percentage decrease from the adjusted (if applicable) closing price of the Shares as quoted on the Stock Exchange on the date of the relevant underwriting agreement to the ex-entitlement price or ex-rights price of the Shares.
- (2) The maximum potential dilution to the shareholding interests of the Shareholders in the Company is calculated by dividing the increase in number of Shares by the total number of Shares in issue immediately after the relevant fund raising exercise(s).

# LETTER FROM THE BOARD

## ADJUSTMENTS RELATING TO SHARE OPTIONS AND WARRANTS

As at the Latest Practicable Date, the Company had (i) outstanding Share Options which entitle the holders thereof to subscribe for 22,538,880 Shares; and (ii) outstanding Warrants which entitle the holders thereof to subscribe for 73,529,411 Shares.

Upon Completion, the exercise and subscription prices and the related number of Shares that can be subscribed for upon exercise of the Share Options and Warrants, respectively, will be adjusted as follows.

### Adjustment to the outstanding Share Options

With reference to the provisions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding the interpretation of Rule 17.03(13) of the Listing Rules, upon Completion, the exercise prices of the outstanding Share Options and the number of Shares that can be subscribed for upon the exercise of the outstanding Share Options will be adjusted in the following manner:

Date of grant	Before the Rights Issue		Upon Completion	
	Exercise price (HK\$)	Number of Shares that can be subscribed for upon exercise of the outstanding Share Options	Adjusted exercise price (HK\$)	Adjusted number of Shares that can be subscribed for upon exercise of the outstanding Share Options
11 April 2013	2.1722	15,025,920	1.5459	21,112,920
25 November 2013	1.8656	7,512,960	1.3277	10,556,460

## LETTER FROM THE BOARD

### Adjustments to the outstanding Warrants

Upon Completion, the subscription price of the outstanding Warrants will be adjusted in the following manner pursuant to the terms of the instrument relating to the Warrants.

	Before the Rights Issue		Upon Completion	
	Subscription price (HK\$)	Number of Shares that can be subscribed for upon exercise of the outstanding Warrants	Adjusted subscription price (HK\$)	Adjusted number of Shares that can be subscribed for upon exercise of the outstanding Warrants
Date of issue				
1 March 2013	1.70	73,529,411	0.77	162,337,662

The above adjustments have been reviewed and confirmed by Gram Capital Limited, an independent financial adviser appointed by the Company. Further announcement will be made by the Company in relation to the actual adjustments upon Completion and the effective date of the adjustments as and when appropriate.

### CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Shares were traded on the Stock Exchange in board lot of 5,000 Shares. Based on the closing price of HK\$0.195 per Share on the Latest Practicable Date, the value of each board lot of 5,000 Shares was expected to be approximately HK\$975 upon Completion.

In order to increase the value of each board lot of the Shares to not less than HK\$2,000 and to reduce the transaction and handling costs to be incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size of the Shares for trading on the Stock Exchange from 5,000 Shares to 15,000 Shares with effect from the date of allotment and issue of the Rights Shares. The Board is of the opinion that the change in board lot size of the Shares is in the interests of the Company and the Shareholders as a whole. The share certificates for the existing board lot of the Shares will remain good evidence of legal title and continue to be valid for delivery, trading and settlement purposes after the change in board lot size of the Shares.

<b>LETTER FROM THE BOARD</b>
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**ODD LOT ARRANGEMENT**

To alleviate the difficulties in trading odd lot of the Shares arising from the change in board lot size of the Shares, the Company has appointed Guotai Junan Securities (Hong Kong) Limited as an agent to provide matching services to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 28 January 2016 to 4:00 p.m. on Tuesday, 23 February 2016 (both dates inclusive). Shareholders should note that the matching service is on a “best efforts” basis only. Shareholders who wish to take advantage of this facility should contact Mr. Simon Lou of Guotai Junan Securities (Hong Kong) Limited at 27/F, Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong or at telephone number (852) 2509 7519 during office hours from 9:00 a.m. to 6:00 p.m. The successful matching of the sale and purchase of odd lots of the Shares is not guaranteed and will depend on there being adequate amounts of odd lots of Shares available for such matching. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.epiholdings.com>):

- annual report of the Company for the year ended 31 December 2012 published on 30 April 2013 (pages 36 to 102);
- annual report of the Company for the year ended 31 December 2013 published on 27 April 2014 (pages 38 to 102);
- annual report of the Company for the year ended 31 December 2014 published on 22 April 2015 (pages 40 to 114); and
- interim report of the Company for the six months ended 30 June 2015 (the “**Interim Report**”) published on 18 September 2015 (pages 10 to 29).

## 2. INDEBTEDNESS STATEMENT

### Borrowings

As at 30 November 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of this indebtedness statement, the Group had outstanding secured bank loan of HK\$163,800,000. The Group also had outstanding unsecured loan from an independent third party of HK\$20,000,000, which is secured by a personal guarantee of Mr. Wu, a substantial Shareholder.

The bank loan is secured by the share capital of certain subsidiaries of the Group, and the share capital and instruments of certain companies in which Mr. Wu has financial interests. The relevant loan agreement also requires Mr. Wu to continue to be a substantial Shareholder.

On 26 March 2015, Mr. Wu entered into a deed of undertaking with the Company and undertakes (i) at all times to maintain his position as a substantial Shareholder, and (ii) to promptly acquire an adequate number of shares of the Company to maintain his position as a substantial Shareholder in any event that he is reasonably expected to cease to be a substantial Shareholder as a result of issue of new Shares by the Company.

Details of mortgages and charges in relation to the bank loan:

1. Pledge of the entire issued share capital of EP Energy S.A., a subsidiary of the Group;
2. Mortgage of the entire issued share capital of Have Result Investments Limited, a subsidiary of the Group;

3. Mortgage of the entire issued share capital of Southstart Limited and Jovanni Limited, subsidiaries of the Group;
4. Mortgage of the entire issued share capital of Ample Talent Development Group Limited (“**Ample Talent**”), a company indirectly held by Mr. Wu;
5. Pledge of 54% of the registered capital of Guizhou Guoding Jinshi Mining Co., Limited (“**Guizhou Guoding**”), held by Mr. Wu;
6. Security assignment to the bank in relation to all sums including but not limited to all loans or funds made available by Ample Talent to Guizhou Guoding, where Ample Talent has assigned to the bank by way of security, all of its rights, title and interests in the sums made available to Guizhou Guoding;
7. Security assignment to the bank in relation to all sums including but not limited to all loans or funds made available by Rakarta Limited (a shareholder of Ample Talent and a company owned by Mr. Wu) to Ample Talent, where Rakarta Limited has assigned to the bank, by way of security, all of rights, title and interests in the sums made available to Ample Talent; and
8. Guarantee from Ample Talent to the bank.

#### **Financial guarantees**

As at 30 November 2015, the Company gave indemnities to two non-controlling corporate Shareholders controlled by Mr. Wu, indemnifying them against any loss they may sustain in case of any action or claim against those companies pursuant to the guarantee provided in respect of the bank loan drawn by the Company and that the total amount payable will not exceed an aggregate amount of up to US\$13,000,000 (approximately HK\$101,140,000).

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 30 November 2015, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, and term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Company, its subsidiaries or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

### **3. WORKING CAPITAL**

As at the Latest Practicable Date, the Directors, after due and careful consideration, were of the opinion that, taking into account the financial resources available to the Group including the internally generated funds, Mr. Wu’s undertaking to maintain his position as a substantial Shareholder as required under the relevant loan agreement of the Group and the estimated net



proceeds from the Rights Issue, the Group has sufficient working capital for its present operating requirements for at least the next twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

#### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practical Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### 5. BUSINESS REVIEW OF THE GROUP

The Group's core business is the petroleum exploration and production in the Puesto Pozo Cercado Concession and Chañares Herrados Concession (together, the "**Concessions**") in the Cuyana Basin, Mendoza Province of Argentina. As disclosed in the Interim Report, there were no acquisitions and disposals of subsidiaries and associated companies during the six months ended 30 June 2015 (the "**Interim Period**").

##### Business review

Set out below is the review of the Group's operations for the Interim Period as extracted from the Interim Report:

"The Group's core business is the petroleum exploration and production in the Concessions in the Cuyana Basin, Mendoza Province of Argentina. There were no acquisitions and disposals of subsidiaries and associated companies during the Interim Period.

For the period from January to June 2015, the Group had performed a workover job on one of its producing oil wells. As at 30 June 2015, the Group had finished drilling 10 oil wells in the Chañares Herrados Concession Area, Mendoza oilfield project. All the 10 wells are in production, of which 5 oil wells were drilled by Have Result where the Group is entitled to 51% interest on production, and 5 oil wells were drilled by EP Energy where the Group is entitled to 72% interest on production.

During the first six months of year 2015, the Group had 10 producing wells generating oil sales revenue. All our oil production was sold to YPF Sociedad Anónima, through Chañares, the Concessions owner. Revenue generated from the sales of petroleum segment for the Interim Period amounted to HK\$32.8 million. As of 30 June 2015, the Company had invested HK\$593.7 million in the drilling and completion of its oil wells, as well as related infrastructure, in the Mendoza project. This amount included: (1) HK\$416.3 million in oil well drilling and completion which was classified as oil & gas properties and for which depreciation started from the commencement of production; (2) HK\$177.4 million of oil well drilling exploration cost for exploration purpose to collect data in the Potrerillos Formation located at a depth of over 4,200 meters, which was charged to profit or loss in year 2010. During the first six months of year 2015, the depreciation and depletion of the oil & gas properties was HK\$7.6 million."

**Financial prospects and business plan**

As disclosed in the Interim Report, the Group's objectives in managing its capital are to safeguard the Group's ability to continue as a going concern so as to provide returns and benefits for the Shareholders and to maintain an optimal capital structure with low cost of capital. In order to achieve such objective, the Group may adjust the amount of dividends pay to the Shareholders, return capital to the Shareholders, issue new Shares or sell assets to reduce its debts in the future. The Group does not have a target gearing ratio, but has a policy of maintaining a flexible financing structure so as to capture new investment opportunities that may arise in the future.

For further details about the future development plan of the Group, please refer to the section headed "Business plan of the Group and reasons for the Rights Issue" in the letter from the Board.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2015. As it is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon Completion.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the consolidated net tangible assets of the Group as at 30 June 2015 as extracted and derived from the Group's condensed consolidated financial statements for the six months ended 30 June 2015 included in the published interim report of the Company and is adjusted for the effect of the Rights Issue.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after Completion HK\$'000	Unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2015 HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company after Completion HK\$ (Note 4)
Based on 3,639,268,185 Rights Shares to be issued at subscription price of HK\$0.14 per Rights Share				
21,438	503,698	525,136	0.029	0.120

*Notes:*

1. The amount of consolidated net tangible assets of the Group is extracted and derived from the condensed consolidated statement of financial position of the Group as at 30 June 2015, as set out in the corresponding published interim report of the Company for the six months ended 30 June 2015, which is based on the total equity of the Group of HK\$136,660,000 and after deducting the exploration and evaluation assets of HK\$115,222,000.
2. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the estimated net proceeds from the Rights Issue are based on 3,639,268,185 Rights Shares at HK\$0.14 per Rights Share on the basis of five Rights Shares for every one existing Share held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$5.8 million to be incurred by the Company.
3. The number of shares used for the calculation of this amount is 727,853,637 existing Shares.
4. The number of shares used for the calculation of this amount is 4,367,121,822, representing 727,853,637 existing Shares and 3,639,268,185 Rights Shares.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2015.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A  
PROSPECTUS****TO THE DIRECTORS OF EPI (HOLDINGS) LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of EPI (Holdings) Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2015 and related notes as set out in Section A of Appendix II to the prospectus issued by the Company dated 31 December 2015 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 3,639,268,185 rights shares at HK\$0.14 per rights share on the basis of five rights shares for every one share of the Company (the “**Rights Issue**”) on the Group's financial position as at 30 June 2015 as if the Rights Issue had taken place at 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2015, on which no auditor's report or review report has been published.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform

procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

31 December 2015

**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

**2. SHARE CAPITAL****(i) As at the Latest Practicable Date:**

	Nominal value per Share (HK\$)	Number of Shares	Nominal amount (HK\$)
<b>Authorised:</b>	0.01	<u>100,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid:</b>	0.01	<u>727,853,637</u>	<u>7,278,536.37</u>

**(ii) Immediately after Completion (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to Completion)**

	Nominal value per Share (HK\$)	Number of Shares	Nominal amount (HK\$)
<b>Authorised:</b>	0.01	<u>100,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid:</b>			
As at the Latest Practicable Date	0.01	727,853,637	7,278,536.37
Rights Shares to be issued pursuant to the Rights Issue	0.01	<u>3,639,268,185</u>	<u>36,392,681.85</u>
Shares upon Completion	0.01	<u>4,367,121,822</u>	<u>43,671,218.22</u>

All the Shares rank *pari passu* with each other in all respect including the rights as to voting, dividends and return of capital.

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of such Rights 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 fully-paid Rights Shares.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company are listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are or will be waived or agreed to be waived.

### 3. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

#### Particulars of the Directors and senior management of the Company

##### Name

##### Address

##### *Non-executive Chairman*

Mr. HO King Fung, Eric  
 (“**Mr. Ho**”)

Room 1108–09, 11/F  
 Harbour Centre  
 25 Harbour Road  
 Wanchai  
 Hong Kong

##### *Executive Directors*

Mr. TSE Kwok Fai, Sammy  
 (*Chief Executive Officer*)

Room 1108–09, 11/F  
 Harbour Centre  
 25 Harbour Road  
 Wanchai  
 Hong Kong

Mr. CHAN Chi Hung, Anthony  
 (“**Mr. Chan**”)

Block 5, LG/A  
 8 MT Austin  
 The Peak  
 Hong Kong



Name	Address
<i>Independent Non-executive Directors</i>	
Mr. QIAN Zhi Hui (“ <b>Mr. Qian</b> ”)	Room ABC, 17/F 111 TiYu Xi Road Tianhe Guangzhou PRC
Mr. TEOH Chun Ming (“ <b>Mr. Teoh</b> ”)	Flat D, 18/F, Block 6 Verbena Heights 8 Mau Tai Road Tseung Kwan O Hong Kong
Mr. ZHU Tiansheng (“ <b>Mr. Zhu</b> ”)	Room 2104, 4/F Li Hong Hua Yuan Chaoyang District Beijing PRC
<i>Senior Management</i>	
Mr. TSANG Wing Hung (“ <b>Mr. Tsang</b> ”)	Room 1108–09, 11/F Harbour Centre 25 Harbour Road Wanchai Hong Kong
Mr. PAK Ka Kei (“ <b>Mr. Pak</b> ”)	Flat B, 21/F, Tower 5 Prima Villa No. 8 Chui Yan Street Shatin, N.T. Hong Kong
Mr. QUIROGA Daniel Federico (“ <b>Mr. Quiroga</b> ”)	1102 Napoles Street Bo. Portal de Benegas Godoy Cruz (5501) Mendoza Argentina

**Biographies of the Directors***Non-executive Chairman***Mr. HO King Fung, Eric, non-executive Chairman, aged 38**

Mr. Ho is the Company's non-executive Chairman. Mr. Ho joined the Company as non-executive Director on 4 April 2013 and was re-designated as the non-executive Chairman on 30 July 2013.

Mr. Ho has extensive experience in investment banking origination, capital markets and legal practice. Prior to joining the Company, he was an analyst at JP Morgan in 2000 and then was a solicitor at Linklaters between 2003 and 2006. Between 2007 and 2010, Mr. Ho worked at Deutsche Bank AG, Hong Kong Branch and his last position held was vice president and the head of Hong Kong and Macau Origination.

Mr. Ho is a committee member of the Chinese People's Political Consultative Conference of Beijing, a role which he has been in since 2008. He is also the president of the Macau Money Exchangers' Association. Mr. Ho was awarded the Chinese Economics Elite Award in 2009. From April 2011 and April 2012, Mr. Ho was the non-executive director of United Energy Group Limited (stock code: 467). He has been appointed as an independent non-executive director of Nature Home Holding Company Limited (stock code: 2083) since May 2011. And, Mr. Ho has also been appointed as a non-executive director of AGTech Holdings Limited (stock code: 8279) since 23 May 2013. In Macau, Mr. Ho is the chairman of P&W Money Changer Limited and Jing Yang Company Limited, and an executive director of Mascargo (Macau) Company Limited.

Mr. Ho graduated from the University of New South Wales, Australia, with a Bachelor of Commerce degree, majoring in Finance. Mr. Ho has also obtained his Bachelor of Laws degree from the University of New South Wales. He has been designated as a practicing solicitor in Hong Kong.

*Executive Directors***Mr. TSE Kwok Fai, Sammy, executive Director and Chief Executive Officer, aged 52**

Mr. Tse joined the Company in 2009 as a consultant for the business development in Argentina and has been appointed as an executive Director and Chief Executive Officer of the Company since April 2013.

Mr. Tse's wealth of managerial and executive experience is derived from working at various major corporations including the Hongkong Telecom 2 Group, Hutchison Whampoa Group and South China Group. He had been involved in the day-to-day operations of telecommunications, technology, media, energy and resources businesses in Hong Kong, the PRC and other countries. Mr. Tse has developed an extensive business network in the resources and energy sector and specializes in mergers and acquisitions, listings and asset injections, as well as business development.

Mr. Tse graduated from the University of Hong Kong majoring in Geography and Geology. He also obtained his MBA from the Chinese University of Hong Kong.

**Mr. CHAN Chi Hung, Anthony, executive Director, aged 42**

Mr. Chan is an executive Director and he was appointed as an executive Director on 16 July 2013.

Prior to joining the Company, Mr. Chan has held senior management positions at other Hong Kong listed companies. He was the executive director of China Financial Leasing Group Limited (stock code: 2312) from April 2007 to July 2013. Mr. Chan has also held the position of non-executive director at Build King Holdings Limited (stock code: 240) since December 2008.

In December 2014, Mr. Chan was appointed as independent non-executive director of China Minsheng Drawin Technology Group Limited (stock code: 726). Mr. Chan has been appointed as an independent non-executive director of Milan Station Holdings Company Limited (stock code: 1150) since July 2015. Prior to his managerial career, Mr. Chan was the investment manager of Springfield Financial Advisory Limited, in charge of private equity, fund-of-funds and fixed income investment portfolios for four years. Mr. Chan started his career as a banker in J.P. Morgan covering Asia ex-Japan region.

Mr. Chan is a graduate of the University of Minnesota — Twin Cities and Stanford Graduate School of Business, both in the United States.

*Independent non-executive Directors*

**Mr. QIAN Zhi Hui, Independent non-executive Director, aged 53**

Mr. Qian joined the Company in September 2008. He joined China National Native Produce & Animal By-Products Import & Export Corporation, Guangdong Province, as chief legal advisor in 1988. He joined Guangzhou King Pound Law Firm as a lawyer in 1993 and is currently a partner of Guangdong Justwin Law Firm. From 2006 to 2008, he was an independent non-executive director of New Times Energy Corporation Limited (stock code: 166). He has a Master degree in Procedural Law from Southwest University of Political Science and Law, China.

**Mr. TEOH Chun Ming, Independent non-executive Director, aged 45**

Mr. Teoh joined the Company in January 2014. He is currently a non-executive director of Nature Home Holding Company Limited (stock code: 2083) since July 2012 and the chief financial officer and company secretary of Joyer Auto HK Company Limited. Mr. Teoh joined Nature Home Holding Company Limited in 2008 and was appointed as the chief financial officer and the company secretary on 1 September 2008 and 26 March 2009 respectively. Mr. Teoh was also the authorised representative of Nature Home Holding Company Limited for the purpose of the Listing Rules and the CWUMPO. Mr. Teoh held the positions of chief financial officer, company secretary and authorised representative of Nature Home Holding Company Limited until his

appointment as a non-executive director of Nature Home Holding Company Limited on 1 July 2012. Mr. Teoh was also the investor relations officer of Nature Home Holding Company Limited. Mr. Teoh has over 20 years of accounting and finance experience and had held senior positions in accounting and finance in various companies listed on the Stock Exchange.

Mr. Teoh obtained a Master degree in Professional Accounting from the Hong Kong Polytechnic University in 2005. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales.

**Mr. ZHU Tiansheng, Independent non-executive Director, aged 70**

Mr. Zhu joined the Company in November 2009. He has over 41 years extensive experience in project management, operations, design and construction process of oil and natural gas transmission pipeline, exploration, production and transporting heavy oil, recycling of light hydrocarbon, design and construction of natural gas treatment plants in numerous oil field projects in the PRC.

Mr. Zhu has been employed by China National Offshore Oil Corporation (“CNOOC”) since 1986. Since 2005, he is the Senior Consultant and the Chief Project Officer for China Offshore Oil & Gas Development & Utilization Company of CNOOC, participating in the construction of asphalt plant. From 2004 to 2005, he was the Deputy Director of Coordination Office of CNOOC and Mr. Fu Chengyu, was the director and currently the General Manager of CNOOC.

From 2001 to 2004, Mr. Zhu was the General Manager of China Ocean Oilfields Services (Hong Kong) Limited. During the period of 1997 to 2001, Mr. Zhu was the General Manager of the Construction Department of CNOOC. The Construction Department was responsible for the organization and investigation of concept design and plans of development, an immediate and final investigation of the basic design. The detailed designs, constructions and installations were managed by the Project Units, which were organised by the Construction Department. The Construction Department also organised and cooperated with foreign companies for the development and construction of oil and gas fields.

From 1992 to 1997, Mr. Zhu was the Deputy Manager of Development and Production Department of CNOOC and he was responsible for construction development. During the period of 1986 to 1992, he was offered the position of Chief of Project Management Office of Construction Department of CNOOC.

In 1986, Mr. Zhu was transferred to CNOOC from Liaohe Oil Field, China where he had worked there for over 11 years in the 70s and his last position was the Chief of Oil and Gas Management Office of Liaohe Oil Field.

Mr. Zhu graduated from the Beijing Petroleum Institute and was majoring in oil and gas storage and transportation engineering since 1969. During his work tenor, Mr. Zhu was trained in Japan for 3 months in recycling of light hydrocarbon and studied project management in EGT in United Kingdom during 1994.

### **Biographies of the senior management of the Company**

#### *Company Secretary*

#### **Mr. TSANG Wing Hung, aged 53**

Mr. Tsang joined the Company in May 2013 as Vice President of finance and has been appointed as the secretary of the Company since June 2014.

Mr. Tsang is a member of The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Tsang has been a professional accountant since 1986 and has extensive experience in auditing, accounting, management and taxation. Mr. Tsang holds a Bachelor Degree of Economics from University of Manchester, United Kingdom and a Master Degree of Information Management and Systems from Monash University, Australia.

#### *Financial Controller*

#### **Mr. PAK Ka Kei, aged 44**

Mr. Pak joined the Company in November 2009 as a Financial Controller.

Mr. Pak has over 18 years experience in the fields of audit, internal control, accountancy, taxation and treasury. Prior to joining the Company, Mr. Pak had been working for TCL Multimedia Technology Holdings Limited for over 10 years on the finance departments in Hong Kong, Emerging Markets and Europe and he had held the positions of Deputy Internal Control Director and Deputy Financial Controller for Emerging Markets and Europe there.

Mr. Pak graduated from City University of Hong Kong with a Bachelor of Arts degree in Accounting and has been working for Ernst & Young for 5 years.

#### *General Manager, Argentina*

#### **Mr. QUIROGA Daniel Federico, aged 51**

Mr. Quiroga joined the Company in December 2010 as the General Manager of Argentina business. Mr. Quiroga oversees the Company's oil project in Argentina as the General Manager of Argentina Operation. He has over 28 years extensive experience in operations, exploration and production management of oil field projects in Argentina, and Mexico.

Mr. Quiroga had been employed by Tecpetrol S.A. since year 1991. The last position held by Mr. Quiroga in year 2000 was the Head of Secondary Recovery Division. During the work in Tecpetrol S.A., Mr. Quiroga was appointed as Operation Engineer, Production Manager, Field Operation Manager and had gained experiences in operations, production management for various oil fields in Argentina.

Mr. Quiroga was the Operation Superintendent and Field Manager who was in charge of field operations in oil fields located in Neuquina Basin and S.J. Gulf Basin, Argentina for Pioneer NRA S.A. during 2002 to 2006. After that, Mr. Quiroga also worked for Apache Corp Argentina and Petrolera El Trebol.

Before joining the Company, Mr. Quiroga had been working for Weatherford Regional Mexico as the Operation Coordinator. He was in charge of field operations for oil field in Mexico.

Mr. Quiroga graduated from the National University of Cuyo in Mendoza Province, Argentina and was majoring in Petroleum Engineer in year 1991. Mr. Quiroga was the Postgrade in Business & Finance at National University of Cuyo in Mendoza Province, Argentina.

#### 4. DISCLOSURES OF INTERESTS

##### (a) Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions, were as follows:

Name of Directors	Capacity	Number of Shares held	Approximate % of shareholding
Mr. Tse	Beneficial owner	330,000	0.04%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had any interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; and (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions.

**(b) Substantial Shareholders and other persons' interests in the Shares and underlying Shares**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name of Shareholders	Capacity	Number of Shares/ underlying Shares held	Approximate % of shareholding
City Smart ( <i>Note 1</i> )	Beneficial owner	1,120,027	0.15%
City Wise ( <i>Note 2</i> )	Beneficial owner	71,734,945	9.86%
South America Petroleum Investment Holdings Limited ( <i>Note 2</i> )	Interest of a controlled corporation	71,734,945	9.86%
Mr. Wu ( <i>Notes 1 and 2</i> )	Interest of a controlled corporation	72,854,972	10.01%
Jumbo Eagle Investments Limited ( <i>Note 3</i> )	Beneficial owner	31,250,000	6.44%

*Notes:*

1. As at the Latest Practicable Date, City Smart was wholly owned by Mr. Wu.
2. As at the Latest Practicable Date, City Wise was wholly owned by South America Petroleum Investment Holdings Limited, which was in turn wholly owned by Mr. Wu.
3. As at the Latest Practicable Date, Jumbo Eagle Investments Limited held outstanding Warrants which entitled it to subscribe for 31,250,000 Shares at the prevailing subscription price of HK\$1.70 per Share (subject to adjustments) during the period from 1 March 2013 to 29 February 2016.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the Shares or underlying Shares of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.



**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which did not expire or was not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**6. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**7. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their respective close associates (as defined under the Listing Rules) had any interest in any business which competes or might competes with the business of the Group.

**8. MATERIAL CONTRACTS**

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (1) a placing agreement dated 11 March 2014 entered into between the Company and Convoy Investment Services Limited in relation to the placing of 1,100,000,000 new Shares and (if applicable) up to 100,000,000 new Shares under the over-allotment option;
- (2) a supplemental agreement dated 17 March 2014 entered into between the Company and Convoy Investment Services Limited in relation to the placing agreement on placing of new Shares dated 11 March 2014;
- (3) a deed of amendment dated 8 January 2015 executed by the Company in relation to the instrument of the Company dated 11 April 2013 relating to the creation and issue of the 8% coupon convertible notes due 2016 in the aggregate principal amount of HK\$100,000,000 issued by the Company on 11 April 2013 to the noteholder(s);
- (4) the underwriting agreement dated 31 March 2015 entered into between the Company and Guotai Junan and Ever-Long Securities Company Limited in relation to the Previous Open Offer;



(5) a supplemental agreement dated 17 April 2015 entered into among the Company, Guotai Junan and Ever-Long Securities Company Limited in relation to the underwriting agreement as mentioned in item (4) above; and

(6) the Underwriting Agreement.

## 9. LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance pending or threatened against any member of the Group.

## 10. EXPERT AND CONSENT

Set out below is the qualification of the expert who has given opinion in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, the above expert did not have any direct or indirect interests in any assets which had been, since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, the above expert was not interested in any securities in any members of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and/or report and/or reference to its name in the form and context in which they respectively appear.

**11. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered office:</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Principal place of business in Hong Kong:</b>	Room 1108–09, 11/F Harbour Centre 25 Harbour Road Wanchai Hong Kong
<b>Underwriters:</b>	Guotai Junan Securities (Hong Kong) Limited  Always Profit Development Limited
<b>Financial adviser to the Company:</b>	Optima Capital Limited
<b>Legal advisers to the Company as to Bermuda law:</b>	Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong
<b>Legal advisers to the Company as to Hong Kong law in relation to the Rights Issue:</b>	Cheung Tong & Rosa Solicitors Room 501, 5th Floor Sun Hung Kai Centre 30 Harbour Road Hong Kong
<b>Reporting accountant:</b>	Deloitte Touche Tohmatsu Certified Public Accountants 35/F., One Pacific Place 88 Queensway Hong Kong
<b>Principal bankers:</b>	The Hongkong and Shanghai Banking Corporation Limited 1/F, Causeway Bay Plaza II 463–483 Lockhart Road Causeway Bay Hong Kong

<b>Principal share registrar:</b>	Butterfield Fulcrum Group (Bermuda) Limited 26 Burnaby Street Hamilton HM11 Bermuda
<b>Hong Kong branch share registrar and transfer office:</b>	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Authorised representatives:</b>	Mr. Ho King Fung, Eric Room 1108-09, 11/F Harbour Centre 25 Harbour Road Wanchai Hong Kong  Mr. Tse Kwok Fai, Sammy Room 1108-09, 11/F Harbour Centre 25 Harbour Road Wanchai Hong Kong
<b>Company secretary:</b>	Mr. Tsang Wing Hung (A member of The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants)

## 12. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$5.8 million on the basis of 3,639,268,185 Rights Shares being issued, which are payable by the Company.

## 13. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein and governed by and shall be constructed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “Expert and consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the CWUMPO.

**15. MISCELLANEOUS**

The English text of this Prospectus shall prevail over their Chinese texts in case of inconsistency.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong from the date of this Prospectus up to and including Friday, 15 January 2016:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) annual report of the Company for each of the two years ended 31 December 2013 and 2014 and interim report of the Company for the six months ended 30 June 2015;
- (c) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group, the text of which is set out in section B of Appendix II to this Prospectus;
- (d) the material contracts referred to in the paragraph headed “Material contracts” in this Appendix;
- (e) the written consent referred to in the paragraph headed “Expert and consent” in this Appendix; and
- (f) this Prospectus.