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PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Placing Agent



After the trading hours of the Stock Exchange on 11 March 2014, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure not less than six independent Placees on a best efforts basis to subscribe for up to 1,100,000,000 Initial Placing Shares at the Placing Price during the Placing Period. Pursuant to the Placing Agreement, the Company has granted the Over-allotment Option to the Placing Agent to require the Company to issue up to 100,000,000 Over-allotment Shares to the Placees at the Placing Price at Completion.

* for identification purpose only

The maximum number of 1,100,000,000 Initial Placing Shares represent approximately 26.38% of the existing issued share capital of the Company and approximately 20.87% of the issued share capital of the Company as enlarged by the issue of the Initial Placing Shares. Assuming that the Over-allotment Option is exercised, the maximum number of 1,200,000,000 Placing Shares (being the aggregate of 1,100,000,000 Initial Placing Shares and 100,000,000 Over-allotment Shares) represent approximately 28.78% of the existing issued share capital of the Company and approximately 22.35% of the issued share capital of the Company as enlarged by the issue of the Initial Placing Shares and the Over-allotment Shares.

The Placing Price for each Placing Share will be the higher of (i) 90% of the arithmetic average closing price per Share for the five consecutive trading days immediately preceding the date of the SGM, rounded up to the nearest decimal place; or (ii) HK\$0.22 per Placing Share.

The Placing Shares will be issued under a specific mandate to be sought for approval from the Shareholders at the SGM.

The minimum gross proceeds from the Placing will be HK\$242 million. After taking into account the placing commission and other expenses incurred in connection with the Placing, the minimum net proceeds are expected to be approximately HK\$232.3 million.

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

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THE PLACING AGREEMENT

Date

11 March 2014

Parties

Issuer: The Company

Placing Agent: Convoy Investment Services Limited

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

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure not less than six independent Placees on a best efforts basis to subscribe for up to 1,100,000,000 Initial Placing Shares at the Placing Price during the Placing Period. The Placing Period commences on (and excluding) the date of the Placing Agreement and ends on the 30th calendar day from the date of the Placing Agreement (or such longer period as the Company and the Placing Agent may agree in writing).

Pursuant to the Placing Agreement, the Company has granted the Over-allotment Option to the Placing Agent to require the Company to issue up to 100,000,000 Over-allotment Shares to the Placees at the Placing Price at Completion. The Over-allotment Option shall be exercisable only if the Placing Agent has procured Placees in compliance with the Placing Agreement for all of the Initial Placing Shares, failing which the Over-allotment Option will lapse and be of no further effect.

The maximum number of 1,100,000,000 Initial Placing Shares represent approximately 26.38% of the existing issued share capital of the Company and approximately 20.87% of the issued share capital of the Company as enlarged by the issue of the Initial Placing Shares. Assuming that the Over-allotment Option is exercised, the maximum number of 1,200,000,000 Placing Shares (being the aggregate of 1,100,000,000 Initial Placing Shares and 100,000,000 Over-allotment Shares) represent approximately 28.78% of the existing issued share capital of the Company and approximately 22.35% of the issued share capital of the Company as enlarged by the issue of the Initial Placing Shares and the Over-allotment Shares.

The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$120 million. The Placing Shares are not subject to any lock-up or other disposal restriction under the terms of the Placing Agreement.

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with all other Shares then in issue on the date of allotment and issue of the Placing Shares, including the right to receive all dividends declared, made or paid on the record date for which falls on or after the date of Completion.

Placees

The Placing Agent intends to place the Placing Shares to not less than six independent Placees, being person(s), firm(s) or company(ies) who and whose ultimate beneficial owners (i) are independent of, and will not as a result of the issue of the Placing Shares become a connected person of the Company or (ii) will not as a result of the issue of Placing Shares, have acquired on its own or together with persons acting in concert with it in respect of the Company, 30% or more of the voting rights of the Company in aggregate. It is expected that none of the Placees will become a substantial Shareholder immediately after Completion.

Placing Price

The Placing Price for each Placing Share will be the higher of (i) 90% of the arithmetic average closing price per Share for the five consecutive trading days immediately preceding the date of the SGM, rounded up to the nearest decimal place; or (ii) HK\$0.22 per Placing Share.

The minimum price of the Placing Price of HK\$0.22 per Placing Share represents:

- (i) a discount of approximately 13.7% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 11 March 2014, being the date of the Placing Agreement; and
- (ii) a discount of approximately 11.3% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement of approximately HK\$0.248 per Share.

Placing commission

The Company shall pay to the Placing Agent a placing commission of 3.5% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent.

Specific mandate to issue the Placing Shares

The Placing Shares will be issued under a specific mandate to be sought for approval from the Shareholders at the SGM.

Application for listing

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

Conditions precedent

The Completion is conditional upon:

- (i) the requisite majority of Shareholders in the SGM approving the issue of the Placing Shares pursuant to the Placing Agreement;
- (ii) the Listing Committee or the Listing Division of the Stock Exchange agreeing to grant listing of, and permission to deal in, the Placing Shares; and
- (iii) gross proceeds (being the product of the Placing Price and the number of Placing Shares for which the Placing Agent has procured the Placees) actually raised being not less than HK\$242 million (or such other sum as may be agreed by the Company and the Placing Agent).

In the event that the above conditions are not fulfilled by 30 April 2014 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing

shall cease and terminate immediately thereafter and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or rights or obligations which may accrue under the Placing Agreement prior to such termination.

Termination

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the date of Completion to forthwith terminate the Placing Agreement if it comes to the notice of the Placing Agent of any event occurring or matter arising on or after the date of the Placing Agreement and prior to the date of Completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations contained in the Placing Agreement untrue or incorrect and have a material adverse impact or effect on the success of the Placing.

Completion

Completion shall take place on the fifth Business Day after the fulfillment of all the conditions set out in the paragraph headed “Conditions precedent” above or such later date as the Company and the Placing Agent may agree. Further announcement will be made by the Company upon Completion.

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading of petroleum related products, and petroleum exploration and production in Argentina.

The Directors consider that the Placing represents an opportunity to raise capital for the Company and enlarge the equity and Shareholder base of the Company. Accordingly, the Directors consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions, and the Placing is in the interests of the Company and the Shareholders as a whole.

If the Placing is completed, the minimum gross proceeds from the Placing will be HK\$242 million. After taking into account the placing commission and other expenses incurred in connection with the Placing, the minimum net proceeds are expected to be approximately HK\$232.3 million, which will be applied as to (i) approximately HK\$195.0 million for the payment of deposit(s) to three independent third parties (the “**Possible Vendors**”) with respect to the proposed acquisition of interest in oil and gas properties in the United States of America on the occurrence of event(s) to be specified in the definitive agreements pursuant to a letter of intent executed with the Possible Vendors on 10 January 2014, details of which have been disclosed in the Company’s announcement dated 11 February 2014; (ii)

approximately HK\$25.0 million for professional fees to be incurred in the possible acquisition referred to in (i) above; and (iii) the remaining balance of approximately HK\$12.3 million as general working capital of the Company.

The minimum net proceeds per Share from the Placing will be approximately HK\$0.211.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcements	Capital raising activity	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of the net proceeds
22 July 2013	Placing of 650,000,000 new Shares	HK\$118.6 million	To be used for repayment of the Company's debts; professional fees incurred and as working capital of the Group	Approximately HK\$14.9 million has been used for the repayment of the Company's debts; approximately HK\$14.8 million has been used for the professional fees incurred in the feasibility study of the potential merger and acquisition project(s); approximately HK\$69.9 million has been used for general working capital of the Group and approximately HK\$19.0 million has not yet been utilised but has been deposited in one of the bank accounts of the Company and they are intended to be used as working capital of the Group
26 February 2013	Issue of convertible notes in the principal amount of HK\$100 million	HK\$95.5 million	To be used for repayment of the Company's debts and as working capital of the Group	Approximately HK\$65.4 million has been used for the repayment of the Company's debts and approximately HK\$30.1 million has been utilised as working capital of the Group

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

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after Completion (assuming that the Over-allotment Option is not exercised and all of the Initial Placing Shares have been successfully placed and no other Shares are issued between the date of this announcement and the date of Completion); and (iii) immediately after Completion (assuming that the Over-allotment Option is exercised and 1,200,000,000 Placing Shares have been successfully placed and no other Shares are issued between the date of this announcement and the date of Completion):

	(i) As at the date of this announcement		(ii) Immediately after Completion (assuming the Over-allotment Option is not exercised)		(iii) Immediately after Completion (assuming the Over-allotment Option is exercised)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
City Wise Investment Limited (Note 1)	438,232,975	10.51	438,232,975	8.32	438,232,975	8.16
City Smart International Investment Limited (Note 2)	7,466,856	0.18	7,466,856	0.14	7,466,856	0.14
Mr. Tse Kwok Fai, Sammy (Note 3)	2,200,000	0.05	2,200,000	0.04	2,200,000	0.04
	447,899,831	10.74	447,899,831	8.50	447,899,831	8.34
<i>Public Shareholders:</i>						
Placees	—	0.00	1,100,000,000	20.87	1,200,000,000	22.35
Others	3,721,977,757	89.26	3,721,977,757	70.63	3,721,977,757	69.31
Total	4,169,877,588	100.00	5,269,877,588	100.00	5,369,877,588	100.00

Notes:

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

GENERAL

The SGM will be convened by the Company at which ordinary resolution(s) will be proposed to seek approval from the Shareholders by way of poll for the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placing Shares. To the best of the Directors' knowledge, no Shareholder has a material interest in the Placing and therefore no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, further details of the Placing and the notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“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 Placing in accordance with the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are independent of and not connected with the Company and/or the connected person(s) of the Company
“Initial Placing Shares”	up to 1,100,000,000 new Shares initially to be placed pursuant to the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Over-allotment Option”	the option granted by the Company to the Placing Agent under the Placing Agreement to require the Company to issue the Over-allotment Shares
“Over-allotment Shares”	up to 100,000,000 new Shares that may fall to be issued pursuant to the Over-allotment Option

“Placee(s)”	person(s), firm(s) or company(ies) (that fulfill(s) the requirements in the Placing Agreement) to whom the Placing Agent or its nominees shall procure or, as the case may be, shall have procured to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 1,200,000,000 new Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Convoy Investment Services Limited, the placing agent and a licensed corporation to carry out type 1 (dealing in securities), type 2 (deal in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance in Hong Kong
“Placing Agreement”	the agreement dated 11 March 2014 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing on (and excluding) the date of the Placing Agreement and ending on the 30th calendar day from the date of the Placing Agreement (or such longer period as the Company and the Placing Agent may agree in writing)
“Placing Price”	the issue price for each Placing Share which will be the higher of (i) 90% of the arithmetic average closing price per Share for the five consecutive trading days immediately preceding the date of the SGM, rounded up to the nearest decimal place; or (ii) HK\$0.22 per Placing Share
“Placing Shares”	up to 1,200,000,000 new Shares to be placed under the Placing
“SGM”	the special general meeting to be held by the Company to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

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

Hong Kong, 11 March 2014

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