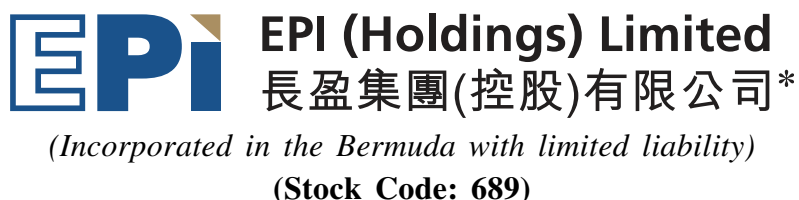


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THE ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

ISSUE OF THE CONVERTIBLE NOTES

On 11 April 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for, the Convertible Notes in the aggregate principal amount of HK\$80,000,000.

As at the date of this announcement, the Company has a total of 4,367,121,822 Shares in issue. Based on the initial Conversion Price of HK\$0.360 per Conversion Share, a maximum number of 222,222,222 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent:

- (i) approximately 5.09% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Notes in full (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares).

No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

* For identification purpose only

GENERAL MANDATE

The Conversion Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting held on 22 June 2016 and will rank pari passu in all respects with the Shares then in issue on the relevant Conversion Date. Pursuant to the General Mandate, the Directors were authorised to allot, issue and deal with up to 20% of the total number of issued Shares as at the date of the annual general meeting of the Company held on 22 June 2016 being 873,424,364 Shares. As at the date of this announcement, no Shares have been issued under the General Mandate.

USE OF PROCEEDS

The gross proceeds from the issue of the Convertible Notes will be HK\$80,000,000. The net proceeds from the issue of the Convertible Notes, after deducting all relevant costs and expenses, are estimated to be approximately HK\$79,900,000. The Company intends to use the net proceeds as general working capital of the Group.

LISTING RULES IMPLICATIONS

The Conversion Shares will be issued pursuant to the General Mandate. The issue of the Convertible Notes is not subject to the approval of the Shareholders.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the condition precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” below for further information.

As the Subscription Agreement may or may not complete, the Convertible Notes may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 11 April 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for, the Convertible Notes in the aggregate principal amount of HK\$80,000,000. Details of the Subscription Agreement and the terms of the Convertible Notes are described below.

THE SUBSCRIPTION AGREEMENT

Date

11 April 2017 (after trading hours)

Parties

Issuer: The Company

Subscriber: The Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

Subscription

Subject to the fulfilment of the condition precedent set out below, the Subscriber shall subscribe for, and the Company shall issue, the Convertible Notes in the aggregate principal amount of HK\$80,000,000 and the said amount shall be satisfied in cash.

Condition precedent

Completion of the Subscription is conditional upon the Listing Committee having granted (either unconditionally or subject only to conditions acceptable to the Subscriber) listing of and permission to deal in the Conversion Shares.

If the above condition precedent is not fulfilled or waived on or before 12 May 2017 (or such later date as may be agreed by the Company and the Subscriber in writing), the Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to the other party under the Subscription Agreement.

Completion

Subject to the fulfillment of the above condition precedent, completion of the Subscription shall take place on the third Business Day next following the date of fulfillment of the condition precedent (or such later date as the Company and the Subscriber may agree in writing).

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the condition precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed "The Subscription Agreement" below for further information.

As the Subscription Agreement may or may not complete, the Convertible Notes may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes were arrived at after arm's length negotiations between the Company and the Subscriber and are summarised as follows:

- Principal amount: HK\$80,000,000
- Issue price: 100% of the principal amount of the Convertible Notes
- Denomination: The Convertible Note(s) will be issued in registered form and in the denomination of HK\$1,000,000 each and integral multiples thereof.
- Interest rate: The Convertible Notes shall bear interest at the rate of 3% per annum on the principal amount of the Convertible Notes from time to time outstanding.
- Each interest period in relation to the Convertible Notes (“**Interest Period**”) shall be six months. The first Interest Period shall commence on the Issue Date and shall end on (and exclude) the last day of the six month period from the Issue Date and each subsequent Interest Period shall commence on and include the last day of the immediate preceding Interest Period and end on (and exclude) the last day of the next six month period and so on. Any Interest Period which would otherwise extend beyond the Maturity Date shall instead end on and exclude the Maturity Date.
- In respect of each Interest Period, interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed in a year of 365 days and shall be due and payable in arrears by the Company on the last day of such Interest Period (the “**Interest Payment Date**”).
- Maturity date and redemption: Unless previously converted or purchased or redeemed in accordance with the Conditions, the Company shall redeem each Convertible Note at 100% of the principal amount then outstanding on the Maturity Date plus accrued and unpaid interest at the rate of 3% per annum in respect of the principal amount of the Convertible Note(s) being redeemed from (and including) the last day of the immediate preceding Interest Payment Date up to (but excluding) the Maturity Date.

- Conversion: Subject to the Conditions, the Noteholder shall have the right to convert on any Business Day (prior to the earlier of the Redemption Date or five Business Days prior to the Maturity Date) the whole or part of the outstanding principal amount of Convertible Notes (in an amount or integral multiple of HK\$1,000,000) into Shares at any time after the Issue Date at the Conversion Price.
- Takeovers Code and public float restriction: The Noteholder can only exercise the conversion rights attached to the Convertible Notes if (i) no obligation will arise on the Noteholder to make a general offer to the Shareholders for all securities of the Company under Rule 26 of the Takeovers Code; and (ii) the minimum public float requirements of the Company under the Listing Rules will not be breached as a result of such exercise.
- Conversion Price: The price at which Conversion Shares will be issued upon conversion shall initially be HK\$0.360 per Conversion Share.
- The initial Conversion Price of HK\$0.360 represents:
- (i) a discount of approximately 7.7% over the closing price of HK\$0.390 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
 - (ii) a premium of approximately 17.6% over the average closing price of HK\$0.306 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days immediately prior to the date of the Subscription Agreement;
 - (iii) a premium of approximately 22.4% over the average closing price of approximately HK\$0.294 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days immediately prior to the date of the Subscription Agreement; and
 - (iv) a premium of approximately 37.9% over the average closing price of approximately HK\$0.261 per Share as quoted on the Stock Exchange for the last thirty consecutive Trading Days immediately prior to the date of the Subscription Agreement.

The Conversion Price is subject to customary adjustments upon occurrence of certain events, including, among other matters, consolidation or subdivision of Shares, capitalisation of profits or reserves, capital distribution, rights issues of Shares or options over Shares or warrants, issues of other securities and other dilutive events.

No adjustment shall be made to the Conversion Price in any case, if as a result of such adjustment, the Conversion Price shall fall below the then nominal value of each Share.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the recent market prices and performance of the Shares, the current market conditions and the historical financial performance and the business prospects of the Group.

The Directors (including the Independent Non-executive Directors) are of the opinion that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Early redemption:

The Company may at any time after the Issue Date and prior to the Maturity Date, by giving not less than five Business Days prior notice to the Noteholder, redeem the whole or part only (in an amount or integral multiple of HK\$1,000,000) of the Convertible Notes at the redemption amount which is 100% of the principal amount of the Convertible Notes being redeemed plus interest accrued and unpaid at the rate of 3% per annum in respect of the principal amount of the Convertible Notes being redeemed from (and including) the last day of the immediate preceding Interest Payment Date up to (but excluding) the date of redemption as specified in the redemption notice. Any Convertible Notes so redeemed shall be cancelled forthwith and shall not be reissued.

Transfer:

Subject to compliance with the Conditions and conditions, approvals, requirements and any other provisions of the Listing Rules, the Listing Committee's approval for the listing of and permission to deal in the Conversion Shares, and all applicable laws and regulations, the Convertible Notes are freely transferable in integral multiples of HK\$1,000,000.

Status of the Convertible Notes:	The Convertible Notes constitute general unsecured and unsubordinated obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company, except for obligations accorded preference by mandatory provisions of applicable law.
Conversion Shares:	<p>Based on the initial Conversion Price of HK\$0.360 per Conversion Share, a maximum number of 222,222,222 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent:</p> <ul style="list-style-type: none"> (i) approximately 5.09% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Notes in full (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares).
Ranking of the Conversion Shares:	The Conversion Shares, when allotted and issued, will be fully paid and will rank pari passu in all respects with, and within the same class as, the Shares in issue as at the date of allotment and issue of the Conversion Shares.
Voting:	The Noteholder(s) shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a Noteholder.
Events of default:	<p>If any of the following events (“Events of Default”) occurs, the sole remedy of the Noteholder shall be to give notice to the Company that the Convertible Notes are immediately due and payable (in which event it shall become immediately due and payable) at its principal amount then outstanding:</p> <ul style="list-style-type: none"> (a) the Company defaults in performance or compliance with any of its material obligations contained in the Conditions, which breach or default is incapable of remedy or, if capable of remedy, is not remedied within fourteen Business Days after notice of such breach or default is sent from the Noteholder to the Company;

- (b) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or its subsidiaries;
- (c) the Company or any of its subsidiaries as referred to in Rule 13.25 (2) of the Listing Rules becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors; or
- (d) an order is made or an effective resolution passed for winding-up of the Company or any of the its subsidiaries.

Listing:

No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

By a resolution of the Shareholders passed at the annual general meeting held on 22 June 2016, the Company granted the General Mandate to the Directors to allot, issue and deal with up to 20% of the total number of issued Shares as at the date of the annual general meeting, being 873,424,364 Shares. At the date of this announcement, no Shares have been issued under the General Mandate.

The Conversion Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting held on 22 June 2016 and will rank pari passu in all respects with the Shares then in issue on the relevant Conversion Date.

LISTING RULES IMPLICATIONS

The Conversion Shares will be issued pursuant to the General Mandate. The issue of the Convertible Notes is not subject to the approval of the Shareholders.

REASONS FOR THE ISSUE OF THE CONVERTIBLE NOTES AND USE OF PROCEEDS

The principal activity of the Company is investment holding and the principal activities of the Group are petroleum exploration and production, money lending and investment in securities.

The gross proceeds from the issue of the Convertible Notes will be HK\$80,000,000. The net proceeds from the issue of the Convertible Notes, after deducting all relevant costs and expenses, are estimated to be approximately HK\$79,900,000. The Company intends to use the net proceeds as general working capital of the Group.

The Directors are of the view that the issue of the Convertible Notes will represent a good opportunity for the Company to raise funds to strengthen its financial position as well as to provide further funding to the Group for its development. The issue of the Convertible Notes also has the advantage that it will provide the Company with immediate funding without resulting in immediate dilution effect on the shareholding of the existing Shareholders on its issue.

In light of the above, the Directors (including the Independent Non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the Convertible Notes, which were entered into after arm's length negotiations between the Company and the Subscriber, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE SUBSCRIBER

According to the information provided by the Subscriber, the Subscriber is a limited liability company established in the PRC. The Subscriber's business scope on its current business licence includes asset management, project investment, investment management, investment consulting, enterprise management consulting and enterprise planning. To the best of the Directors' knowledge, information and belief having made reasonable enquiries:

- (i) as at the date of this announcement, the Subscriber does not hold any Shares. Assuming all the conversion rights attaching to the Convertible Notes in the principal amount of HK\$80,000,000 are exercised by the Subscriber in full, the Subscriber will be interested in 222,222,222 Shares, representing approximately 5.09% of the existing issued share capital of the Company as at the date of this announcement, and approximately 4.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full exercise of the conversion rights under the Convertible Notes pursuant to the Subscription Agreement;
- (ii) as at the date of this announcement, the Subscriber and its ultimate beneficial owner are Independent Third Parties; and
- (iii) before entering into of the Subscription Agreement, neither the Subscriber nor its associates have any other interests in the Shares or any business dealings with the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,367,121,822 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after the full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.360 (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares), are as follows:

	As at the date of this announcement		Immediately after the full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.360	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Billion Expo International Limited (Note)	2,535,285,620	58.05	2,535,285,620	55.24
Subscriber	–	–	222,222,222	4.84
Other public Shareholders	<u>1,831,836,202</u>	<u>41.95</u>	<u>1,831,836,202</u>	<u>39.92</u>
Total	<u>4,367,121,822</u>	<u>100.00</u>	<u>4,589,344,044</u>	<u>100.00</u>

Note: Billion Expo International Limited is wholly owned by Premier United Group Limited, which is wholly owned by Mr. Suen Cho Hung, Paul, an Executive Director and the Chairman of the Board.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the proposed issue of Convertible Notes disclosed in this announcement, the Company has not conducted any fund raising activities in the past twelve months immediately prior to the date of this announcement.

PUBLIC FLOAT

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon the conversion of the Convertible Notes.

GENERAL

No application will be made by the Company to the Listing Committee for listing of the Convertible Notes. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the Board of Directors
“Business Day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the terms and conditions constituting the Convertible Notes
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Conversion Date”	a date on which a notice is given for exercising the conversion rights attaching to the Convertible Notes pursuant to the Conditions
“Conversion Price”	the price per Share at which the Convertible Notes may be converted into Shares, which is initially set at HK\$0.360 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes
“Convertible Note(s)”	the 3% convertible note(s) due 2018 in the aggregate principal amount of HK\$80,000,000 to be issued by the Company pursuant to the Subscription Agreement
“Directors”	the directors of the Company
“General Mandate”	the general mandate of the Company granted to the Directors at the annual general meeting held on 22 June 2016 to allot, issue and deal with up to 20% of the total number of issued Shares as at the date of the annual general meeting, being 873,424,364 Shares
“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) not connected person (s) (as defined in the Listing Rules) of the Company and is (are) independent of and not connected with the connected persons of the Company
“Issue Date”	the date of issue of the Convertible Notes
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the eighteenth month of the Issue Date
“Noteholder”	holder of the Convertible Notes from time to time
“PRC”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Redemption Date”	a date on which a notice is given by the Company for exercising the redemption rights pursuant to the Conditions
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beijing Rui Gao Capital Management Limited [#] (北京睿高資本管理有限公司), a limited liability company established in the PRC
“Subscription”	the subscription for the Convertible Notes by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 11 April 2017 and entered into between the Company and the Subscriber in relation to the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day(s)”	a day on which the Stock Exchange is open for dealing business

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

“%” per cent.

The English translation of the Chinese name which is marked with “#” in this announcement is included for identification purpose only and should not be regarded as the official English translation of such Chinese name. If there is any inconsistency between the Chinese name mentioned in this announcement and its English translation, the Chinese name shall prevail.

By Order of the Board
EPI (Holdings) Limited
Sue Ka Lok
Chief Executive Officer

Hong Kong, 11 April 2017

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Ms. Chan Yuk Yee, Mr. Yiu Chun Kong and Mr. Chan Shui Yuen; and three Independent Non-executive Directors, namely Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine.