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EPI **EPI (Holdings) Limited**
長盈集團(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 689)

**VERY SUBSTANTIAL ACQUISITION;
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
RESUMPTION OF TRADING**

After Stock Exchange trading hours on 19 August 2009, the Purchaser, the Company and the Vendors entered into the Agreement pursuant to which City Smart has agreed to sell to the Purchaser the First Sale Shares and TCL has agreed to sell to the Purchaser the Second Sale Shares. The First Sale Shares and the Second Sale Shares together represent the entire issued share capital of Have Result, which is principally engaged in petroleum production in the Areas located in Argentina.

The Consideration for the Acquisition is HK\$3,341,520,000 and shall be satisfied by the Group at Completion (i) as to HK\$840,000,000 by the issue of the PN; (ii) as to HK\$190,000,000 by the issue and allotment of the Consideration Shares; and (iii) as to the balance of HK\$2,311,520,000 by the issue of the CB.

Additional consideration up to HK\$1,000,000,000 may be payable by way of the issue of the Additional Convertible CB in the event that the proved reserves (as defined in the PRMS) of oil in the Areas exceed certain specified volume as mentioned in the section headed "Possible adjustment to the Consideration" below.

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to approval by the Shareholders. The SGM will be convened to seek approval from the Shareholders for the Acquisition and the transactions contemplated under the Agreement. No Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM regarding the Acquisition.

The Board also proposes to increase the authorised share capital of the Company from HK\$250,000,000 divided into 25,000,000,000 Shares to HK\$1,000,000,000 divided into 100,000,000,000 Shares by the creation of an additional 75,000,000,000 unissued Shares.

* for identification only

A circular containing, among other things, details of the Acquisition and the transactions contemplated under the Agreement, financial information of the Group and Have Result, a technical report on the Areas in accordance with the requirements under Chapter 18 of the Listing Rules, a valuation report on Have Result, details of the proposed increase in authorised share capital of the Company and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 August 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 26 August 2009.

Reference is made to the announcement of the Company dated 29 July 2009 in relation to the heads of agreement (the “Hheads of Agreement”) entered into by the Group regarding a possible acquisition of a company which has a 51% operating interests in an oilfield in Argentina. The Board is pleased to announce that the Purchaser and the Company have entered into the Agreement with the Vendors after Stock Exchange trading hours on 19 August 2009 in relation to the Acquisition. Details of the Agreement are set out below.

THE AGREEMENT DATED 19 AUGUST 2009

Parties

- (i) the Purchaser (being Mission Central Limited, a wholly-owned subsidiary of the Company);
- (ii) the Vendors (being City Smart and TCL); and
- (iii) the Company (being the guarantor for certain warranties in relation to the Group under the Agreement).

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Vendors are investment holding companies and the Vendors and their respective beneficial owners are third parties independent of the Company and its connected persons. As announced by the Company on 29 July 2009, a subsidiary of the Company entered into the Heads of Agreement with City Smart in relation to this possible investment in Argentina which is now formalised by the Agreement. Save for the Heads of Agreement, the Group has not engaged in any previous transactions which were related to the Acquisition or with either of the Vendors in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, City Smart has agreed to sell to the Purchaser the First Sale Shares and TCL has agreed to sell to the Purchaser the Second Sale Shares. The First Sale Shares and the Second Sale Shares respectively represent 62% and 38% (and together, 100%) of the entire issued share capital of Have Result.

Consideration

The total consideration for the Acquisition is HK\$3,341,520,000, subject to possible adjustment as described in the section headed “Possible adjustment to Consideration” below, and shall be satisfied at Completion as follows:

- (i) as to HK\$840,000,000 by the issue of the PN by the Company to City Smart or its nominee(s);
- (ii) as to HK\$190,000,000 by the issue of the Consideration Shares by the Company to the Vendors (or their respective nominees) at the issue price of HK\$0.19 each, with 380,000,000 Shares to be issued and allotted to City Smart or its nominee(s) and 620,000,000 Shares to be issued and allotted to TCL or its nominee(s); and
- (iii) as to the balance of HK\$2,311,520,000 by the issue of the CB by the Company to the Vendors (or their respective nominees), with CB in principal amount of HK\$1,478,742,400 to be issued to City Smart or its nominee(s) and CB in principal amount of HK\$832,777,600 to be issued to TCL or its nominee(s).

The Consideration of HK\$3,341,520,000 was determined after arm’s length negotiations between the parties. In determining the Consideration, the Board has obtained a draft valuation report on Have Result as at 30 June 2009 prepared by BMI, an independent valuer, and a draft technical report on the petroleum resources in the Areas as at 1 January 2009 prepared by NSAI, an independent technical adviser. The draft valuation report on Have Result has been prepared using market approach, based on the consideration for other reported petroleum or oilfield related transactions, the estimated amount of petroleum resources in the Areas according to the draft technical report prepared by NSAI, and the 51% operating interests of Have Result in the Areas. Taking into account of, among other things, (i) the indicated valuation of Have Result prepared by BMI of approximately US\$612 million (equivalent to approximately HK\$4.8 billion) and the discount of approximately 30% represented by the Consideration to such indicated valuation; (ii) the best estimate of gross (100%) contingent oil resources of approximately 146.9 million barrels and gross (100%) unrisks prospective oil resources of approximately 13.5 million barrels according to the draft technical report on the Areas prepared by NSAI; and (iii) the 51% operating interest of Have Result in the new wells drilled and to be drilled pursuant to the Assignment Agreement in the Areas as further described in the paragraph headed “Information on Have Result” below, the Directors consider that the Consideration is fair and reasonable.

BMI has solid experience in the area of natural resource valuations and has performed various valuation projects on similar assets or companies engaged in similar business activities as those of Have Result in Hong Kong, China and the Asia-Pacific region. NSAI is an independent firm of international reserves consultants. It has conducted reserves certifications, technical studies and economic evaluations, and advisory work for both onshore and offshore fields throughout the world and performed a complete range of integrated geophysical, geological, petrophysical and engineering services for their clients that include major and independent oil and gas companies, national oil and gas companies, financial institutions, government agencies, investors and law firms. NSAI has prepared reports known in various countries as Independent Reserves/Resources Reports, Competent Persons Reports, and Independent Technical Advisor Reports for inclusion in public documents of companies listed on the Stock Exchange and

other world recognised stock exchanges. The valuation report prepared by BMI and the technical report prepared by NSAI relating to Have Result's operating interest in the Areas, as well as the details of the professional qualifications of the personnel in charge of the valuation and the preparation of the technical report, will be included in the circular relating to the Acquisition to be despatched to the Shareholders.

Principal terms of the PN

The PN shall be issued by the Company to City Smart or its nominee(s) at Completion as part of the Consideration. The principal terms of the PN are as follows:-

- Principal amount: HK\$840,000,000
- Repayment: The principal sum shall be repaid in full on the date falling on the third anniversary of the issue of the PN.
- Interest: 1% plus 6-month HIBOR or the Prime Rate per annum, whichever is the lower, commencing from the date of issue of the PN and shall be paid annually in arrears and on the maturity of the PN.
- Prepayment: The Company may prepay all or part (amount of any partial prepayment shall be at least HK\$500,000) of the principal sum before the maturity of the PN by giving not less than seven days' prior written notice to the holder of the PN specifying the amount and the date of prepayment.
- Transfer: Holder of the PN may at any time assign or transfer all or any part (in an integral multiple of HK\$500,000 or, where the outstanding principal amount of the PN is less than HK\$500,000, the entirety) of the PN to a third party provided that no assignment or transfer shall be made to a connected person of the Company without the prior written consent of the Company.

The Consideration Shares

The Consideration Shares will be issued by the Company to the Vendors or their respective nominee(s) at the issue price of HK\$0.19 each at Completion. The Consideration Shares represent approximately 24.2% of the issued share capital of the Company as at the date of this announcement and approximately 19.5% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

A specific mandate will be sought from the Shareholders at the SGM for the issue of the Consideration Shares. The Consideration Shares will rank equally among themselves and pari passu in all respects with the Shares in issue on the date of issue and allotment of the Consideration Shares.

The issue price of the Consideration Shares of HK\$0.19 each represents:

- (i) a discount of approximately 33.3% to the closing price of the Shares of HK\$0.285 per Share as quoted on the Stock Exchange on 19 August 2009 (the “Last Trading Day”);
- (ii) a discount of approximately 38.1% to the average of the closing prices of the Shares of HK\$0.307 per Share as quoted on the Stock Exchange for the last five trading days up to and including Last Trading Day;
- (iii) a discount of approximately 38.2% to the average of the closing prices of the Shares of HK\$0.3075 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 5.6% over the average of the closing prices of the Shares of HK\$0.18 per Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 23.4% over the average of the closing prices of the Shares of HK\$0.154 per Share as quoted on the Stock Exchange for the last 120 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 1.6% over the audited net asset value per Share attributable to the Shareholders as at 31 December 2008 of approximately HK\$0.187 per Share; and
- (vii) a discount of approximately 7.8% to the unaudited net asset value per Share attributable to the Shareholders as at 30 June 2009 of approximately HK\$0.206 per Share.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Agreement. There is no restriction on the subsequent sale of the Consideration Shares by the Vendors or their respective nominee(s).

Principal terms of the CB

Aggregate principal amount: HK\$2,311,520,000

Conversion price: HK\$0.205 per Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other issues of Shares and/or convertible securities but there will be no adjustment for the issue of the Additional CB or Additional Conversion Shares.

The initial conversion price of the CB of HK\$0.205 per Share represents:

- (i) a discount of approximately 28.1% to the closing price of the Shares of HK\$0.285 per Share as quoted on the Last Trading Day;
- (ii) a discount of approximately 33.2% to the average of the closing prices of the Shares of HK\$0.307 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 33.3% to the average of the closing prices of the Shares of HK\$0.3075 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 13.9% over the average of the closing prices of the Shares of HK\$0.180 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 33.1% over the average of the closing prices of the Shares of HK\$0.154 per Share as quoted on the Stock Exchange for the 120 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 9.6% over the audited net assets value per Share attributable to the Shareholders as at 31 December 2008 of approximately HK\$0.187 per Share; and
- (vii) a discount of approximately 0.5% to the unaudited net asset value per Share attributable to the Shareholders as at 30 June 2009 of approximately HK\$0.206 per Share.

Interest rate: Interest free

Maturity date: The date falling on the day being the 20th anniversary of the date of issue of the CB.

Redemption:	The Company has no obligation to repay any outstanding principal amount of the CB but has the right at its discretion to redeem any principal amount of the CB at its face value.
Transferability:	The CB or any part(s) thereof (in amount of HK\$500,000 or integral multiples thereof) may be assigned or transferred to any third party, but may not be assigned or transferred to any company or other person which is a connected person of the Company without the prior written consent of the Company.
Conversion rights and conversion period:	CB holder(s) shall have the right to convert the whole or any part of the outstanding principal amount of the CB into Shares (subject to restrictions as detailed below) at any time and from time to time on any business day prior to the maturity date of the CB at the initial conversion price of HK\$0.205 per Share (subject to adjustments).
Conversion Shares:	Upon the full conversion of the CB at the initial conversion price of HK\$0.205 per Share, an aggregate of 11,275,707,317 Conversion Shares will be issued, representing approximately 272.9% of the issued share capital of the Company as at the date hereof, and approximately 68.7% of the issued share capital of the Company as enlarged by the issue of 1,000,000,000 Consideration Shares and the 11,275,707,317 Conversion Shares.
Restriction on conversion:	CB holder(s) shall not exercise any conversion right attaching to the CB and the Company will not be obliged to issue any Conversion Shares to such an extent that would result in (i) the holder(s) thereof and parties acting in concert with them (within the meaning under the Takeovers Code) holding or having more than 29% of the then issued ordinary share capital of the Company or otherwise being obliged to make general offer for the Shares in accordance with the Takeovers Code; or (ii) the Company in breach of any provision of the Listing Rules, including the requirement to maintain the prescribed minimum percentage (currently being 25%) of the issued share capital of the Company held by the public (as defined in the Listing Rules), unless prior approval or waiver has been obtained from the Stock Exchange.
Voting:	CB holder(s) shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the holders of the CB.
Listing:	No application will be made for the listing of the CB on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the CB.

Status: The obligations of the Company arising under the CB constitute general, unconditional, unsecured and unsubordinated obligations of the Company and shall 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.

The terms of the PN and the CB have been arrived at based on arm's length negotiations between the Purchaser, the Company and the Vendors. The Directors consider that the terms of the PN and the CB, including the interest rate of the PN are fair and reasonable. The issue price of the Consideration Shares and the initial conversion price of the CB were agreed after arm's length negotiations at HK\$0.19 and HK\$0.205 per Share respectively. The Directors noted that both the issue price of the Consideration Shares and the initial conversion price of the CB represent a discount to the closing price of the Shares on the Last Trading Day. However, taking into account that (i) the Shares consistently closed at the narrow range of HK\$0.05 to HK\$0.1 for most of the trading days during the seven months from October 2008 to April 2009; (ii) it was not until recently that the closing price of the Shares showed several abrupt increases from HK\$0.15 in early June 2009 to HK\$0.3 in early August 2009, during which period there has been no material positive change to the fundamentals and business outlook of the Company; and (iii) both the issue price of the Consideration Shares and the initial conversion price of the CB are close to the net asset value per Share, the Directors consider that issue price of the Consideration Shares and the initial conversion price of the CB are fair and reasonable.

Conditions precedent

Completion of the Acquisition is subject to the following conditions precedent:

- (i) the passing of the necessary resolution(s) by the Shareholders in a general meeting to approve:
(a) the increase in the authorised share capital of the Company to HK\$1,000,000,000 divided into 100,000,000,000 Shares; and (b) the Agreement and the transactions contemplated thereunder and the implementation thereof (including but not limited to the issue and allotment of the Consideration Shares, the issue of the CB, the PN and the Additional CB and the issue and allotment of the Conversion Shares and the Additional Conversion Shares) in accordance with the requirements of the Listing Rules and the applicable laws and regulations;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares, the Conversion Shares and the Additional Conversion Shares on the Stock Exchange;
- (iii) no indication being received on or before Completion from the Stock Exchange to the effect that the listing of the Shares may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of Completion or in connection with the terms of the Agreement or transactions contemplated thereunder or for any reason;
- (iv) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which requires compliance by the Purchaser, the Company or Have Result at any time prior to Completion in relation to the transactions contemplated under the Agreement and the uninterrupted continuation of the current rights and business of Have Result after Completion;

- (v) the Purchaser being satisfied with the results of its due diligence review and investigation on Have Result including without limitation to its assets, liabilities, contracts, commitments, undertakings and business, and financial, legal and taxation aspects;
- (vi) all third parties consents and waivers required to be obtained by the Purchaser, the Company or Have Result having been obtained in connection with the transactions contemplated under the Agreement;
- (vii) the representations, warranties and undertakings made or given by each of the Vendors pursuant to the Agreement remaining true and accurate, and not misleading, in all material respects as at Completion;
- (viii) the representations, warranties and undertakings made or given by the Purchaser pursuant to the Agreement remaining true and accurate, and not misleading, in all material respects as at Completion;
- (ix) the Purchaser having obtained a legal opinion issued by an Argentina legal adviser acceptable to the Purchaser in respect of the undertakings of Have Result in Argentina (including but not limited to the concessions of the Areas held by Chañares, the legality, validity and enforceability of the JV Agreement, the Assignment Agreement, the UTE Agreement and Have Result's rights and interest in the Areas), which is in both form and substance and in all respects satisfactory to the Purchaser;
- (x) the delivery by each of the Vendors to the Purchaser of a legal opinion issued by a British Virgin Islands law firm acceptable to the Purchaser and addressed to the Purchaser confirming that each of the Vendors has been duly incorporated and is in good standing and that each of the Vendors has the full power and authority to enter into the Agreement and the documents incidental thereto and that the same when executed constitute legal, valid and binding obligations on each of the Vendors and such legal opinion to be in form and substance to the satisfaction of the Purchaser;
- (xi) the delivery by the Vendors to the Purchaser of a legal opinion issued by a British Virgin Islands law firm acceptable to the Purchaser and addressed to the Purchaser confirming that Have Result has been duly incorporated and is in good standing and certifying that the Vendors are the holders of the First Sale Shares and the Second Sale Shares respectively free from encumbrances together with certificates of incumbency and certificates of good standing, and such legal opinion to be in form and substance to the satisfaction of the Purchaser;
- (xii) the Purchaser having obtained a report on the Areas issued by a technical adviser appointed by the Purchaser, which complies with the relevant requirements in the Listing Rules, showing that the best estimate of gross contingent oil resources in the Areas is not less than 145 million barrels and in all respects to the satisfaction of the Purchaser;

- (xiii) the Purchaser having obtained a valuation report on Have Result issued by a valuer appointed by the Company, which complies with the relevant requirements in the Listing Rules, showing that the valuation of Have Result is not less than US\$600 million and in all respects to the satisfaction of the Purchaser; and
- (xiv) no material adverse change on the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of Have Result having occurred.

The Purchaser may at its absolute discretion at any time waive any of the conditions, other than the conditions (i), (ii), (iii), (iv) (in so far as matters other than those relating to Have Result), (viii) and (xiii) above. The Vendors may at their absolute discretion at any time waive condition (viii) above. If the conditions above are not fulfilled or waived (as the case may be) on or before 31 October 2009 or such other date as the Company and the Vendors may agree in writing and/or the conditions (vii), (viii) and (xiv) do not remain fulfilled (and is not waived by the Purchaser or, where applicable, the Vendor) on the date of Completion, all rights, obligations and liabilities of the parties under the Agreement shall cease and determine and none of the parties shall have any claim against the other save and except any antecedent breach.

Completion

Completion shall take place on the date falling on the third business day after the fulfillment or, where applicable, waiver of the relevant conditions precedent.

POSSIBLE ADJUSTMENT TO THE CONSIDERATION

Pursuant to the Agreement, the Purchaser shall appoint NSAI or such technical advisor qualified under the Listing Rules to issue another technical report (the “Updated Technical Report”) on the Areas within two years subsequent to Completion. Provided that the Updated Technical Report is in all substance and respect reasonably satisfactory to the Purchaser,

- (i) if the Updated Technical Report shows that the proved reserves (as defined in the PRMS) of oil in the Areas are not less than 290 million barrels, the Company shall within 14 days after the issue of the Updated Technical Report issue to the Vendors or their respective nominee(s) the Additional CB in the principal amount of HK\$500 million and, thereby, the Consideration would be revised to HK\$3,841,520,000; or
- (ii) if the Updated Technical Report shows that proved reserves (as defined in the PRMS) of oil in the Areas are not less than 507.5 million barrels, the Company shall within 14 business days after the issue of the Updated Technical Report issue to the Vendors or their respective nominee(s) the Additional CB in the principal amount of HK\$1,000 million and, thereby, the Consideration would be revised to HK\$4,341,520,000.

The terms of the Additional CB are the same as that of the CB, save and except that the initial conversion price of the Additional CB will be the average of the closing prices of a Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately preceding the receipt of the Updated Technical Report by the Purchaser or HK\$0.205 per Share, whichever is the higher.

Assuming the Additional CB in the principal amount of HK\$1,000,000,000 is issued pursuant to the Agreement, a maximum of 4,878,048,780 Additional Conversion Shares will be issued upon the exercise in full of the conversion rights attached to the Additional CB at the lowest initial conversion price of HK\$0.205 per Share. The aforesaid 4,878,048,780 Additional Conversion Shares represent 118.1% of the existing issued share capital of the Company, and 22.9% of the share capital of the Company as enlarged by the issue of the Consideration Shares, the Conversion Shares and the maximum number of 4,878,048,780 Additional Conversion Shares. An application will be made for the listing of and permission to deal in the Additional Conversion Shares.

The apportionment between the Vendors as to the principal amount of the Additional CB to be received by each of the Vendors or their respective nominee(s) shall be decided by and between the Vendors provided that a written notice from City Smart (acting alone and on behalf of TCL) relating to such apportionment shall be given to the Purchaser not less than 3 business days prior to the due date for the issue of the Additional CB. If the Purchaser does not receive the said notice, 62% of the principal amount of the Additional CB will be issued to City Smart and 38% of the principal amount of the Additional CB will be issued to TCL. For the avoidance of doubt, the Purchaser has no obligation to pay any additional consideration to the Vendors if the Purchaser shall in its reasonable opinion determine that at the time the Updated Technical Report is delivered to the Purchaser, there has been material adverse change to Have Result since Completion which is not caused by the Group.

As advised by BMI, Have Result would have been valued at approximately HK\$15.5 billion in the case that there are 290 million barrels of proved reserves of oil in the Areas, and HK\$27.4 billion in the case that there are 507.5 million barrels of proved reserves of oil in the Areas. Accordingly, the possible revised Consideration of HK\$3,841,520,000 and HK\$4,341,520,000 as illustrated above respectively represents 75.2% discount and 84.2% discount to the said indicated valuation. According to the PRMS, "proved reserves" are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. It is the category with the highest chance of commercial recovery and with the highest certainty of the estimated volumes being recovered under the PRMS.

The parties envisage that following Completion and as Have Result proceeds with exploration and drilling in the Areas, more data would be available for the technical adviser to ascertain the oil reserves in the Areas. Taking into account that (i) the possible upward adjustment to the Consideration is conditional on the estimation of proved reserves of oil as set out in the Updated Technical Report reasonably satisfactory to the Purchaser; (ii) proved reserves are those oil reserves with reasonable certainty to be commercially recoverable; (iii) the possible revised Consideration (being HK\$3,841,520,000 and HK\$4,341,520,000 respectively) represents a deep discount to the valuations that Have Result would have been valued given the corresponding amounts of proved reserves estimation; and (iv) the initial conversion price of the Additional CB is to be determined with reference to the then market price of the Shares but in any event not less than HK\$0.205 per Share, the Directors consider that the terms of the possible adjustment to the Consideration are fair and reasonable.

EFFECT ON SHAREHOLDING OF THE COMPANY

The following chart depicts the possible effects of the Acquisition on the shareholding structure of the Company:

	As at the date of this announcement		Upon Completion and the issue of the Consideration Shares		Upon the issue of the Consideration Shares and the conversion of the CB in full (for illustration purpose only) (Note 3)		Upon the issue of the Consideration Shares, the conversion of the CB in full, and the conversion of the Additional CB in the principal amount of HK\$1,000 million in full at the lowest initial conversion price of HK\$0.205 (for illustration purpose only) (Notes 3, 4)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Climax Associates Limited (Note 1)	1,708,146,000	41.3	1,708,146,000	33.3	1,708,146,000	10.4	1,708,146,000	8.0
Directors (Note 2)	12,200,000	0.3	12,200,000	0.2	12,200,000	0.1	12,200,000	0.1
Vendors	–	–	1,000,000,000	19.5	12,275,707,317	74.8	17,153,756,097	80.6
Public	2,411,002,570	58.4	2,411,002,570	47.0	2,411,002,570	14.7	2,411,002,570	11.3
Total	<u>4,131,348,570</u>	<u>100.0</u>	<u>5,131,348,570</u>	<u>100.0</u>	<u>16,407,055,887</u>	<u>100.0</u>	<u>21,285,104,667</u>	<u>100.0</u>

Notes:

1. Climax Associates Limited is a company owned as to 51% by Rich Concept Worldwide Limited, which is in turn beneficially and wholly owned by Mr. Wong Chi Wing Joseph, the Chairman of the Company and an executive Director.
2. The 12,200,000 Shares represent the aggregate number of Shares beneficially held by the Directors (other than Mr. Wong Chi Wing Joseph) at the date of this Announcement.
3. It is a term of the CB and the Additional CB that the holder(s) thereof shall not exercise any conversion right attaching to the CB and/or the Additional CB to such an extent that results or will result in (i) the holder(s) of the CB and/or the Additional CB and parties acting in concert with them (within the meaning under the Takeovers Code) holding or having more than 29% of the then issued ordinary share capital of the Company or otherwise being obliged to make general offer for the Shares in accordance with the Takeovers Code; or (ii) the Company will not be able to maintain the prescribed minimum percentage (currently being 25%) of the issued share capital of the Company held by the public (as defined in the Listing Rules) at the relevant date of conversion of the relevant CB and/or the Additional CB. Accordingly, these two scenarios are for illustration purpose only and may never happen in light of the restrictions imposed under the terms of the CB and the Additional CB.
4. For illustration purpose only, assume the Additional CB in the principal amount of HK\$1,000,000,000 is issued to the Vendors or their nominee(s) in accordance with the terms of the Agreement, and assume the conversion of such Additional CB in full at the lowest conversion price of HK\$0.205 per Share.

INFORMATION ON HAVE RESULT

Have Result was incorporated in the British Virgin Islands on 12 September 2007. As at the date of the Agreement, Have Result was owned as to 62% by City Smart and as to 38% by TCL. Have Result is principally engaged in the production of petroleum in the Areas pursuant to the Assignment Agreement. According to the unaudited management accounts of Have Result, it recorded a loss before and after taxation of approximately HK\$12.9 million during the period from 12 September 2007 (date of incorporation) and up to 31 May 2009, representing mainly the legal and professional fee incurred by Have Result in relation to the operating interest in the Areas. As at 31 May 2009, the net liabilities of Have Result amounted to approximately HK\$12.9 million.

The Areas

The Areas comprise the Puesto Pozo Cercado Area and the Chañares Herrados Area which are adjacent to each other, located in the Cuyana Basin, Mendoza Province of Argentina, covering approximately 210 square kilometers. According to a draft legal opinion prepared by the Argentina legal adviser, Chañares was awarded the hydrocarbons exploitation concession of the Puesto Pozo Cercado Area by Resolution No. 782 dated 26 June 1992 issued by the Ministry of Economy and Public Works of the National Government of Argentina and approved by National Decree No. 1276. Chañares was also assigned the concession for the Chañares Herrados Area from the previous owner and such assignment has been authorised by Administrative Decision No. 21 from Chief of Cabinet of the National Government of Argentina in 1996. Both concessions have a term of 25 years commencing from 1992 and 1996 respectively, with a possibility of a 10-year extension. According to legal advice on Argentine laws obtained by the Company, the extension of the term of the concessions is subject to a number of factors, including the fulfillment by the concessionaire of its obligations under the documents granting the concessions and applicable laws and the reaching of agreement between the concessionaire and the Mendoza Government on the terms of the extension such as the amount of investments to be made. The Board does not foresee any major difficulties in respect of the extension of the concessions in the future.

Operating interest of Have Result in the Areas

On 14 November 2007, the JV Agreement was entered into between Maxipetrol and Chañares for the purposes of the development of incremental production in the Areas. Pursuant to the JV Agreement, Maxipetrol would be responsible for the investment in connection with the drilling of new wells and production of petroleum. The petroleum produced from the wells drilled within the scope of the JV Agreement, as well as any other benefit obtained from the exploitation of the works performed under the JV Agreement, shall be distributed as to 28% to Chañares and as to 72% to Maxipetrol. Under the JV Agreement, Maxipetrol was expressly allowed to individually enter into agreements of technical and financial assistance with capital and technology investors in connection with the petroleum production in the Areas, provided however that such capital and technology investors shall not become members of the joint venture created by Maxipetrol and Chañares under the JV Agreement.

Subsequent to the JV Agreement, Maxipetrol entered into the Assignment Agreement with Have Result on 24 November 2007 (as amended and supplemented on 12 December 2007, 28 December 2007 and 19 December 2008), pursuant to which Maxipetrol assigned to Have Result part of its rights on the future production as a consequence of new drillings in the Areas. Maxipetrol and Have Result then entered into the UTE Agreement dated 6 August 2009 pursuant to which the UTE is organised in which Have Result has a 70.83% interest and Maxipetrol a 29.17% interest for carrying out the operation of petroleum production in the Areas. The principal terms of the Assignment Agreement as supplemented by the UTE Agreement are summarised below:

- (i) Under the Assignment Agreement, Maxipetrol assigned in favor of Have Result part of its rights on the future production as a consequence of new drillings and the operation of new wells in the Areas, which have been awarded in its favor under the JV Agreement, such that the future production obtained in the Areas pursuant to the Assignment Agreement and JV Agreement shall be shared as to 51% by Have Result, as to 21% by Maxipetrol, and as to the remaining 28% by Chañares. Under the terms of the UTE Agreement, the interests of Maxipetrol and Have Result will be consolidated into the UTE, which will be responsible for commercialisation of the hydrocarbons allocated to both Have Result and Maxipetrol;
- (ii) the UTE will undertake all the necessary investments regarding both drillings and infrastructure in the Areas;
- (iii) ordinary and extraordinary operating cost in relation to petroleum production in the Areas will be borne as to 28% by Chañares and 72% by the UTE;
- (iv) Have Result shall be responsible for financing all the investment in drillings and infrastructure in the Areas and 72% of the operating costs for petroleum production (other than the 28% of operating costs to be borne by Chañares). As from the date the wells drilled under the terms of the Assignment Agreement go into production, Maxipetrol shall reimburse Have Result for 29.17% of the aggregate investments made in the Areas through the financing of Have Result;
- (v) the UTE shall have the power to designate the representative allocated to Maxipetrol in the operating committee set up in accordance with the JV Agreement;
- (vi) Maxipetrol undertook to obtain Have Result's prior written authorisation in respect of any decision to be adopted by Maxipetrol as member of the JV Agreement;
- (vii) Maxipetrol undertook to promptly inform Have Result about any notice it may receive from Chañares in connection with the JV Agreement including, without restriction, any communication, notice or demand related to the compliance or non-compliance with Maxipetrol's obligations under the JV Agreement, and to furnish Have Result with a copy of the document received from Chañares and any other related documentation. Furthermore, Maxipetrol shall adopt, in due time and manner, all such steps as may be required to cure any default for which it may be deemed liable; and

(viii) the management, supervision and control of the UTE's business and affairs are to be carried out by an executive committee, which shall be the highest authority of the UTE, and in which Have Result has the right to appoint three members and Maxipetrol the right to appoint one member.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Maxipetrol and Chañares is a third party independent of the Company and its connected persons and they are not connected person of each other.

Investment plans

Pursuant to the Assignment Agreement and the UTE Agreement, the UTE shall be in charge of defining all technical and financial aspects of investment plans of the Areas regarding, among other things, the drilling of production wells or injection wells, the making of infrastructure works for the treatment and transportation of crude oil, geophysical or other studies, the treatment, transportation, final disposal of production water, and the use of hydrocarbons. Such investment plans must consist of the drilling of at least five production wells per calendar year, together with the infrastructure works that are necessary for the incremental production that the wells to be drilled may generate. At least two of the wells to be drilled each calendar year must reach the deep reservoir formation in the Areas.

RISK FACTORS

Potential competition and investment plans subject to approval

Chañares has signed a similar drilling agreement with another company before it entered into the JV Agreement with Have Result. This sets up a potential competition for drilling the undeveloped locations. According to the JV Agreement, Chañares may drill on its exclusive account, but may not enter into other cooperation agreements with companies other than such existing company and Maxipetrol. However, there is no guarantee that some or even a significant portion of resources might not be drilled by that company or Chañares. In addition, although the UTE is responsible for the technical aspect of the petroleum production in the Areas (including the design and drillings of the wells), the investment plans drawn up by the UTE are subject to Chañares' approval, and such approval is not guaranteed.

Relationship with Maxipetrol and Chañares

Pursuant to the JV Agreement entered into between Maxipetrol and Chañares, Maxipetrol's shareholders undertake not to sell or transfer their shares in Maxipetrol prior to 2013. Starting from 2013, should Maxipetrol's shareholders decide to sell their interests in Maxipetrol, Chañares shall have the first right of refusal. In the case that Maxipetrol fails to comply with such obligations or any other obligations under the JV Agreement, it shall forfeit all rights in respect of the works in progress and all rights to continue making investment plans in the Areas, and consequently it may not continue drilling in the Areas. Maxipetrol will then only preserve its rights in the wells that are already drilled. This imposes risk on the long term viability of the operating rights assigned to Have Result from Maxipetrol.

New business segment of the Group

The Acquisition constitutes an investment in a new business sector, being petroleum exploitation and production. The new business, coupled with the regulatory environment, may pose significant challenges to the Company's administrative, financial and operational resources. Since the Company does not have significant experience in the new business, it is not in a position to assure the timing and amount of any return or benefits that may be received from the new business. If any exploration or exploitation projects in which the Company attempts to develop does not progress as planned, the Company may not recover the funds and resources it has spent, and this may affect the Company.

Fluctuations on petroleum prices

The fluctuations in supply and demand of petroleum are caused by numerous factors beyond the Company's control, which include but not limited to global and domestic economic and political conditions and competition from other energy sources, and the growth and expansion in industries with high petroleum demand. There is no assurance that the international demand for petroleum and petroleum-related products will continue to grow, or that the international demand for petroleum and petroleum-related products will not experience excess supply.

Significant and continuous capital investment

The petroleum business requires significant and continuous capital investment. The major petroleum exploration and exploitation projects may not be completed as planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability. Actual capital expenditures for the new business may significantly exceed the Company's budgets because of various factors beyond the Company's control, which in turn may affect the Company's financial condition.

Political and regulations

The new business is subject to extensive governmental regulations, policies and controls. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent laws or regulations. Failure to comply with the relevant laws and regulations in the energy development and petroleum exploitation projects may adversely affect the Company.

Country risk

The Company is entering a new business in Argentina, in which the Company does not have any business presence. There can be a risk relating to the likelihood that changes in the business environment will occur which may affect the profitability of doing business in Argentina. The change of political and economic conditions in Argentina may also adversely affect the Company.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the sourcing and trading of non ferrous metals and consumer electronics products. The Group also holds a 60% interest in a jointly controlled entity which is engaged in the provision of copper smelting and production of copper anode. Over 90% of the revenue of the Group is derived from customers located in the PRC. According to the 2009 interim results announcement of the Company, the Directors expect that the core business of the Group would remain difficult in the second half of 2009 and they are actively looking for business opportunities which could bring dynamic growth to the Group.

Argentina is a net exporter of petroleum. With around 2.7 billion barrels of proven oil reserves, Argentina is a significant player in the Latin American oil market. According to the statistics published by Central Intelligence Agency World Factbooks, Argentina was the fourth-largest oil producer in Latin America in 2007 and produced 790,800 barrels per day. In 2006, the country consumed 525,100 barrels per day. According to the statistics published by the International Monetary Fund, Argentina recorded real gross domestic products (“GDP”) growth rate of around 8% to 9% during 2005 to 2007. Industrial sector contributed over 30% of the overall GDP of the country. The Directors recognise that petroleum is one of the major sources of energy with limited supply. The Directors are of the view that the Acquisition would broaden the source of income of the Group and diversify the Group’s business portfolio to include petroleum production in the South American market.

The Board is also aware of the risk factors associated with the Acquisition as set out in the paragraph headed “Risk factors” above. The Board is advised by the Vendors that Have Result has commenced drilling of its first well in the Areas and, while the potential competing petroleum producer in the Areas has suspended drilling since last year, Have Result has already submitted an investment and drilling program to Chañares for its approval. No material obstacle in obtaining such approval from Chañares has been observed. With the appropriate strategy and investment plan in the Areas, the Board is of the view that the risks associated with the Acquisition are manageable. In addition, as the Consideration is determined based on a valuation prepared with reference to the pricing of other reported petroleum or oilfield related transactions, the inherent risks (such as the fluctuation of oil price in the world market and recoverability of the oil resources) related to acquisitions of similar nature has been, to a considerable extent, incorporated in the valuation. As the Consideration represents a discount of approximately 30% to the indicative valuation, the Directors consider that the Consideration is fair and reasonable.

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

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to approval by the Shareholders. The SGM will be convened to seek approval from the Shareholders for the Acquisition and the transactions contemplated under the Agreement (including the issue of the Consideration Shares, the CB, the Conversion Shares, the PN, the Additional CB and the Additional Conversion Shares). No Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM regarding the Acquisition.

INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

The Board proposes to increase the Company's authorised share capital from HK\$250,000,000 divided into 25,000,000,000 Shares to HK\$1,000,000,000 divided into 100,000,000,000 Shares by the creation of an additional 75,000,000,000 new Shares. Such new Shares, upon issued and fully paid, shall rank pari passu in all respects with the Shares. The proposed increase in authorised share capital of the Company by creating additional 75,000,000,000 Shares is determined by taking into account the allotment and issue of the Consideration Shares, the Conversion Shares and the Additional Conversion Shares pursuant to the Agreement, as well as the Company's need for flexibility to issue new Shares for future investments and developments.

The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM. The Board is of the view that the proposed increase in authorised share capital of the Company will provide flexibility to the Company in determining its future business plan, and is therefore in the interest of the Shareholders. No Shareholder is required to abstain from voting on the resolution to be proposed at the SGM regarding the proposed increase in authorised share capital of the Company.

GENERAL

A circular containing, among other things, details of the Acquisition and the transactions contemplated under the Agreement, financial information of the Group and Have Result, a technical report on the Areas in accordance with the requirements under Chapter 18 of the Listing Rules, a valuation report on Have Result, details of the proposed increase in authorised share capital and the notice of the SGM will be despatched to Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 August 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 26 August 2009.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire issued share capital of Have Result by the Purchaser from the Vendors pursuant to the Agreement
“Additional CB”	the convertible note(s) which may have to be issued by the Company to the Vendors or their respective nominee(s) in accordance with the terms of the Agreement and subject to the findings of an updated technical report on the Areas to be issued within two years after the date of Completion by an independent technical adviser to be appointed by the Company

“Additional Conversion Shares”	the new Shares which shall be issued and allotted to the holder(s) of the Additional CB upon exercise of the conversion rights attached to the Additional CB
“Agreement”	the agreement dated 19 August 2009 entered into among the Purchaser, the Company and the Vendors in relation to the Acquisition
“Areas”	the Puesto Pozo Cercado Area and the Chañares Herrados Area covering an aggregate area of 210 square kilometers located in Cuyana Basin, Mendoza Province of Argentina, of which Chañares is the concessionaire of the exploitation concessions granted by the relevant government authority of Argentina
“Assignment Agreement”	the agreement entered into between Maxipetrol and Have Result on 24 November 2007 (as amended and supplemented on 12 December 2007, 28 December 2007 and 19 December 2008) for the assignment of rights by Maxipetrol to Have Result and the investment and technical cooperation between the parties in relation to the Areas
“BMI”	BMI Appraisals Limited, an independent valuation firm appointed by the Company to perform a valuation on Have Result
“Board”	the board of Directors
“CB”	the 20-year zero-coupon convertible note(s) in the aggregate principal amount of HK\$2,311,520,000 to be issued by the Company to the Vendors or their respective nominee(s) as part of the Consideration
“Chañares”	Chañares Herrados Empresa de Trabajos Petroleros S.A., the holder of the concessions of the Areas
“City Smart”	City Smart International Investment Limited, a company incorporated in the British Virgin Islands
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 689)
“Completion”	completion of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable in respect of the Acquisition pursuant to the Agreement

“Consideration Shares”	1,000,000,000 new Shares to be issued by the Company to the Vendors or their respective nominee(s) as part of the Consideration
“Conversion Share(s)”	the new Share(s) which shall be issued and allotted to the holder(s) of the CB upon exercise of the conversion rights attached to the CB
“Director(s)”	the director(s) of the Company
“First Sale Shares”	the 6,200 shares of par value of US\$1.0 each in the share capital of Have Result, representing 62% of the entire issued share capital of Have Result as at the date of the Agreement
“Group”	the Company and its subsidiaries
“Have Result”	Have Result Investments Limited (有成投資有限公司), a company incorporated in the British Virgin Islands
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“JV Agreement”	a joint venture agreement dated 14 November 2007 entered into between Chañares and Maxipetrol in connection with the Areas
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Maxipetrol”	Maxipetrol-Petroleros de Occidente S.A. (formerly known as Oxipetrol-Petroleros de Occidente S.A.)
“NSAI”	Netherland, Sewell & Associates, Inc., a technical adviser with appropriate qualification appointed by the Company to perform technical review on the petroleum resources in the Areas
“PN”	the HK\$840,000,000, 3-year promissory note to be issued by the Company to City Smart or its nominee(s) at Completion as part of the Consideration
“Prime Rate”	the prime rate for Hong Kong dollars from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited
“PRMS”	the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers
“Purchaser”	Mission Central Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“Sale Shares”	the First Sale Shares and the Second Sale Shares, together representing the entire issued share capital of Have Result
“Second Sale Shares”	the 3,800 shares of par value of US\$1.0 each in the share capital of Have Result, representing 38% of the entire issued share capital of Have Result as at the date of the Agreement
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the proposed increase in authorised share capital of the Company, the Acquisition and the transactions contemplated under the Agreement (including the issue of the Consideration Shares, the CB, the PN, the Conversion Shares, the Additional CB and the Additional Conversion Shares)
“Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“TCL”	TCL Peak Winner Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of TCL Corporation whose securities are listed on the Shenzhen Stock Exchange (Stock code: 000100)
“UTE Agreement”	the temporary union of enterprises agreement entered into between Maxipetrol and Have Result dated 6 August 2009 in connection with the respective rights and obligations and the cooperation among the parties thereto in connection with the petroleum production in the Areas under the Assignment Agreement
“UTE”	the temporary union of enterprises organised under the terms of the UTE Agreement in the name of “Have Result Investments Limited – Maxipetrol Petroleros de Occidente S.A. Temporary Union of Enterprises”
“Vendors”	City Smart and TCL

“6-month HIBOR”	in relation to any period with respect to which the interest on the outstanding amount of the PN is to be calculated, the rate at which deposits of Hong Kong dollars for a period of six months in an amount comparable to the outstanding amount of the PN were offered at or about 11:00 a.m. (Hong Kong time) on the first day of such period by The Hongkong and Shanghai Banking Corporation Limited to financial institutions in the Hong Kong interbank market for delivery on the same date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
EPI (Holdings) Limited
Wong Chi Wing, Joseph
Chairman

Hong Kong, 25 August 2009

As at the date of this announcement, the board of directors of the Company comprises of three executive Directors, namely Mr. Wong Chi Wing, Joseph, Mr. Cheng Hairong and Mr. Chu Kwok Chi, Robert, one non-executive Director, namely Mr. Leung Hon Chuen and three independent non-executive Directors, namely, Mr. Qian Zhi Hui, Mr. Xu Mingshe and Mr. Poon Kwok Shin, Edmond.