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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

RESULTS

The board of directors (the “Directors”) of EPI (Holdings) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 with comparative figures for the year ended 31 December 2008.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2009	2008
		HK\$'000	HK\$'000
Continuing operations:			
Revenue	3	1,089,539	1,665,018
Cost of sales		(1,081,363)	(1,568,193)
Gross profit		8,176	96,825
Other gains and losses	4	73,470	62,740
Gain (loss) on disposal of a subsidiary	5	61,129	(289)
Distribution and selling expenses		(11,639)	(31,296)
Administrative expenses		(70,490)	(76,553)
Other expenses	6	(35,224)	(5,935)
Finance costs	7	(2,954)	(123)
Profit before taxation		22,468	45,369
Taxation credit (charge)	8	291	(8,714)
Profit for the year from continuing operations	9	22,759	36,655
Discontinued operation:			
Loss for the year from discontinued operation	10	(2,445)	(44,488)

* For identification purpose only

	<i>Note</i>	Year ended 31 December	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the year		<u>20,314</u>	<u>(7,833)</u>
Other comprehensive income			
Transfer to profit and loss on disposal of foreign operation		(6,987)	–
Exchange differences arising on translation of foreign operation		<u>401</u>	<u>3,011</u>
Other comprehensive (expenses) income for the year		<u>(6,586)</u>	<u>3,011</u>
Total comprehensive income (expenses) for the year		<u>13,728</u>	<u>(4,822)</u>
Profit (loss) for the year attributable to:			
Owners of the Company		38,001	(3,993)
Minority interests		(17,687)	(3,840)
		<u>20,314</u>	<u>(7,833)</u>
Total comprehensive income (expenses) attributable to:			
Owners of the Company		31,415	(982)
Minority interests		(17,687)	(3,840)
		<u>13,728</u>	<u>(4,822)</u>
Earnings (loss) per share	<i>12</i>		
From continuing and discontinued operations:			
– basic		<u>0.82 HK cent</u>	<u>(0.10) HK cent</u>
– diluted		<u>0.61 HK cent</u>	<u>N/A</u>
From continuing operations:			
– basic		<u>0.88 HK cent</u>	<u>0.98 HK cent</u>
– diluted		<u>0.65 HK cent</u>	<u>0.98 HK cent</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	Year ended 31 December	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Exploration and evaluation assets	13	3,810,136	–
Property, plant and equipment		171,978	43,334
Goodwill		–	14,996
Prepaid lease payments		–	22,729
Financial assets at fair value through profit or loss		2,947	2,684
Deferred tax assets		295	–
Other tax recoverable		39,912	–
		4,025,268	83,743
Current assets			
Inventories		–	47,785
Loan receivables		15,962	30,000
Trade and other receivables	14	260,504	930,253
Trade receivable from a joint venture partner		–	1,024
Held-for-trading investments		148,412	24,836
Derivative financial instruments		–	25,205
Prepaid lease payments		–	538
Pledged bank deposits		22,624	43,711
Bank balances and cash		93,002	99,388
		540,504	1,202,740
Current liabilities			
Trade and other payables	15	221,733	140,940
Derivative financial instruments		8,009	22
Bank borrowings – amounts due within one year		99,962	307,338
Taxation payable		300	23,816
		330,004	472,116
Net current assets		210,500	730,624
Total assets less current liabilities		4,235,768	814,367
Non-current liabilities			
Promissory notes		252,280	–
Bank borrowings – amounts due after one year		3,453	–
Assets retirement obligation		3,150	–
		258,883	–
		3,976,885	814,367
Capital and reserves			
Share capital		76,936	41,313
Reserves		3,899,949	731,062
Equity attributable to owners of the Company		3,976,885	772,375
Share options reserve of a subsidiary		–	2,238
Minority interests		–	39,754
Total equity		3,976,885	814,367

1. BASIS OF PREPARATION

These consolidated statement of financial position as at 31 December 2009, and the consolidated comprehensive income statement for the year then ended and the related notes 1 to 15 are extracted from the Group's consolidated financial statements for the year ended 31 December 2009. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. These policies have been consistently applied to the two years presented, unless otherwise stated. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC)-INT 13	Customer loyalty programmes
HK(IFRIC)-INT 15	Agreements for the construction of real estate
HK(IFRIC)-INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC)-INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of financial statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 “Operating segments”

HKFRS 8 is a disclosure standard that has changed the basis of measurement of segment profit or loss (see note 3). However, the adoption of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

Improving disclosures about financial instruments (Amendments to HKFRS 7 Financial instruments: disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related party disclosures ⁶
HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 32 (Amendment)	Classification of rights issues ⁴
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first time adopters ⁵
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ³
HKFRS 3 (Revised)	Business combinations ¹
HKFRS 9	Financial instruments ⁷
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁶
HK(IFRIC)-INT 17	Distributions of non-cash assets to owners ¹
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments ⁵

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for annual periods beginning on or after 1 February 2010.

⁵ Effective for annual periods beginning on or after 1 July 2010.

⁶ Effective for annual periods beginning on or after 1 January 2011.

⁷ Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to customers, less return, discounts and sales related taxes. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Sales of goods		
– oil and gas	3,406	–
– metals	942,523	1,285,960
– consumer electronics	143,610	379,058
	<u>1,089,539</u>	<u>1,665,018</u>

Application of HKFRS 8 “Operating segments”

The Group has adopted HKFRS 8 “Operating segments” with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 “Segment reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For management purposes, the Group is currently organised into three operating divisions namely petroleum exploration and production, metals sourcing and trading and consumer electronics. The petroleum exploration and production segment is a new segment during the year ended 31 December 2009 since the acquisition of a subsidiary.

The Group's operating and reportable segments under HKFRS 8 are as follows:

Petroleum exploration and production	– exploration and production of oil and gas
Metals sourcing and trading	– sourcing and trading of non-ferrous metals
Consumer electronics	– sourcing and trading of consumer electronics products

The Group was involved in the production of copper anode in prior year, which was reported as a separate business segment under HKAS 14. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 10.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

Year ended 31 December 2009

Continuing operations:

	Petroleum exploration and production <i>HK\$ '000</i>	Metals sourcing and trading <i>HK\$ '000</i>	Consumer electronics <i>HK\$ '000</i>	Elimination <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Segment revenue					
External sales	3,406	942,523	143,610	–	1,089,539
Inter-segment sales	–	35,754	–	(35,754)	–
Total	<u>3,406</u>	<u>978,277</u>	<u>143,610</u>	<u>(35,754)</u>	<u>1,089,539</u>
Result					
Segment results	<u>(7,572)</u>	<u>(78,365)</u>	<u>(3,129)</u>	<u>–</u>	<u>(89,066)</u>
Unallocated other gains and losses					101,282
Gain on disposal of a subsidiary					61,129
Unallocated corporate expenses					(47,923)
Finance costs					(2,954)
Profit before taxation (continuing operations)					<u>22,468</u>

Year ended 31 December 2008

Continuing operations:

	Metals sourcing and trading <i>HK\$ '000</i>	Consumer electronics <i>HK\$ '000</i>	Elimination <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Segment revenue				
External sales	1,285,960	379,058	–	1,665,018
Inter-segment sales	30,436	–	(30,436)	–
Total	<u>1,316,396</u>	<u>379,058</u>	<u>(30,436)</u>	<u>1,665,018</u>
Result				
Segment results	<u>96,972</u>	<u>5,220</u>	<u>–</u>	<u>102,192</u>
Unallocated other gains and losses				10,140
Loss on disposal of a subsidiary				(289)
Unallocated corporate expenses				(66,551)
Finance costs				(123)
Profit before taxation (continuing operations)				<u>45,369</u>

Segment profit(loss) represents the profit(loss) earned by each segment without allocation of other gains and losses (excluding change in fair value of financial assets/liabilities classified as derivative financial instruments), gain/loss on disposal of a subsidiary, central administrative expenses and finance costs. This is the measure reported to the Chief Executive Officer, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<u>Segment assets</u>		
Continuing operations:		
Petroleum exploration and production	4,018,731	–
Metals sourcing and trading	257,460	792,189
Consumer electronics	26,074	30,743
	<hr/>	<hr/>
Total segment assets	4,302,265	822,932
Assets relating to discontinued operation	–	218,169
Unallocated	263,507	245,382
	<hr/>	<hr/>
Consolidated assets	4,565,772	1,286,483
<u>Segment liabilities</u>		
Continuing operations:		
Petroleum exploration and production	156,378	–
Metals sourcing and trading	138,184	140,780
Consumer electronics	19,490	9,091
	<hr/>	<hr/>
Total segment liabilities	314,052	149,871
Liabilities relating to discontinued operation	–	67,893
Unallocated	274,835	254,352
	<hr/>	<hr/>
Consolidated liabilities	588,887	472,116

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than deferred tax assets, other tax recoverable, loan receivables, held-for-trading investments and financial assets at fair value through profit or loss and assets used jointly by reportable segments.
- all liabilities are allocated to reportable segments other than promissory notes and liabilities for which reportable segments are jointly liable.

Other segment informationYear ended 31 December 2009

Continuing operations:

	Petroleum exploration and production <i>HK\$'000</i>	Metals sourcing and trading <i>HK\$'000</i>	Consumer electronics <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital additions	82,147	5	2	73	82,227
Depreciation	1,578	75	174	1,794	3,621
Allowance for bad and doubtful	–	27,203	–	–	27,203
Write-down of inventories	–	6,347	–	–	6,347
Loss on change in fair value of derivative financial instruments	–	27,812	–	1,348	29,160
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Year ended 31 December 2008

Continuing operations:

	Metals sourcing and trading <i>HK\$'000</i>	Consumer electronics <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital additions	55	22	7,753	7,830
Depreciation	96	183	1,685	1,964
Impairment loss recognised in respect of property, plant and equipment	–	–	715	715
(Gain) loss on change in fair value of derivative financial instrument	(52,600)	–	2,174	(50,426)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC") (including Hong Kong) and Argentina.

The Group's revenue from continuing operations from external customers based on location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	1,086,133	1,665,018	3,730	9,927
Argentina	3,406	–	3,978,384	–
	<u>1,089,539</u>	<u>1,665,018</u>	<u>3,982,114</u>	<u>9,927</u>

Non-current assets excluded those relating to production of copper anode i.e. the discontinued operation, and financial assets at fair value through profit or loss, deferred tax assets and other tax recoverable.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Customer A ¹	461,131	215,705
Customer B ¹	337,834	N/A ³
Customer C ¹	N/A ³	412,218
Customer D ¹	N/A ³	367,533
Customer E ²	N/A ³	172,484

¹ Revenue from metals sourcing and trading operation

² Revenue from consumer electronics operation

³ The corresponding revenue did not contribute over 10% of the total sales of the Group.

4. OTHER GAINS AND LOSSES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations:		
Bank interest income	199	1,081
Interest income from loan receivables	2,436	2,848
Total interest income	2,635	3,929
Change in fair value of financial assets/liabilities classified as		
– held-for-trading	98,633	4,355
– derivative financial instruments	(29,160)	50,426
– designated as at FVTPL	263	344
	69,736	55,125
Others	1,099	3,686
	73,470	62,740

5. DISPOSAL OF A SUBSIDIARY

- (i) In May 2009, the Group entered into the following transactions to dispose of 47.80% interest in Vision Tech, a subsidiary of the Company, whose shares are listed on the Stock Exchange.
- disposed of 100,000,000 ordinary shares of Vision Tech at a price of HK\$0.115 per share pursuant to a placing agreement.
 - disposed of 200,000,000 ordinary shares of Vision Tech at a price of HK\$0.115 per share pursuant to an option agreement at the option fee of HK\$0.01 per option.
 - disposed of 250,000,000 ordinary shares of Vision Tech at a price of HK\$0.20 per share pursuant to a placing agreement.

After the series of transactions mentioned above, Vision Tech ceased to be a subsidiary of the Company. The remaining Vision Tech shares held by the Group, representing 10.12% of the issued share capital of Vision Tech have since been accounted for as held-for-trading investments upon and after completion of the disposal.

	2009 HK\$'000
Net assets disposed of:	
Property, plant and equipment	4,328
Inventories	11,347
Trade and other receivables	47,262
Tax recoverable	1,144
Pledged bank deposits	3,327
Bank balances and cash	8,581
Trade and other payables	(20,127)
Taxation payable	(1,182)
	<hr/>
	54,680
Share options reserve	(2,238)
Minority interests	(22,067)
Attributable goodwill	14,996
	<hr/>
	45,371
Transfer to held-for-trading investments	(20,000)
Gain on disposal	61,129
	<hr/>
Total consideration, satisfied by cash	86,500
	<hr/> <hr/>
Net cash inflow arising from disposal:	
Cash consideration	86,500
Bank balances and cash disposed of	(8,581)
	<hr/>
	77,919
	<hr/> <hr/>

Vision Tech did not contribute significantly to the revenue and cash flows of the Group during the year other than contributed a loss of HK\$42,276,000 to the Group's profit for the period between 1 January 2009 to the date of disposal.

- (ii) On 31 March 2008, the Group disposed of its equity interest in a subsidiary (“Disposed Subsidiary”) for a consideration of HK\$5,000. The net assets of the Disposed Subsidiary at the date of disposal were as follows:

	2008 <i>HK\$’000</i>
Net assets disposed of:	
Inventories	63
Trade and other receivables	528
Bank balances and cash	11
Other payables	(308)
	<hr/>
	294
Loss on disposal	(289)
	<hr/>
Total consideration, satisfied by cash	5
	<hr/> <hr/>
Net cash outflow arising on disposal:	
Cash consideration	5
Bank balances and cash disposed of	(11)
	<hr/>
	(6)
	<hr/> <hr/>

The financial impact of the Disposed Subsidiary on the Group’s results and cash flows for the year ended 31 December 2008 is insignificant.

6. OTHER EXPENSES

	2009 <i>HK\$’000</i>	2008 <i>HK\$’000</i>
Continuing operations:		
Allowance for bad and doubtful debts	27,203	–
Expenses incurred in exploring potential investment opportunities	7,859	5,135
Impairment loss recognised in respect of property, plant and equipment	–	715
Loss on disposal of property, plant and equipment	162	85
	<hr/>	<hr/>
	35,224	5,935
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	2009 <i>HK\$’000</i>	2008 <i>HK\$’000</i>
Continuing operations:		
Interest on borrowings wholly repayable within five years:		
Bank borrowings and overdrafts	1,542	123
Promissory notes	1,412	–
	<hr/>	<hr/>
	2,954	123
	<hr/> <hr/>	<hr/> <hr/>

8. TAXATION CREDIT (CHARGE)

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations:		
Current tax:		
Hong Kong	–	(10,301)
Other jurisdictions	(216)	–
	<u>(216)</u>	<u>(10,301)</u>
Overprovision in prior years		
Hong Kong	212	1,587
Deferred tax		
Current year	295	–
	<u>291</u>	<u>(8,714)</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made during the year ended 31 December 2009 as there is no assessable profit arising in Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax credit (charge) for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before taxation (from continuing operations)	<u>22,468</u>	<u>45,369</u>
Tax at the applicable rates of 16.5% (2008: 16.5%)	(3,707)	(7,486)
Tax effect of income not taxable for tax purpose	26,855	1,817
Tax effect of expenses not deductible for tax purpose	(5,104)	(1,510)
Tax effect of tax losses not recognised as deferred tax asset	(17,956)	(3,538)
Overprovision in prior years	212	1,587
Effect of different tax rates of subsidiaries operating in other jurisdictions	61	–
Others	(70)	416
Tax credit (charge) for the year	<u>291</u>	<u>(8,714)</u>

At 31 December 2009, the Group had unused tax losses of HK\$67,684,000 (2008: HK\$1,135,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit. All tax losses may be carried forward indefinitely.

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year from continuing operations attributable to:		
Owners of the Company	40,446	40,495
Minority interests	(17,687)	(3,840)
	<u>22,759</u>	<u>36,655</u>
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Directors' remuneration	6,063	8,215
Other staff's retirement benefits costs	273	345
Other staff share-based payment expense	157	4,254
Other staff costs	16,662	21,229
Total staff costs	<u>23,155</u>	<u>34,043</u>
Auditor's remuneration	2,500	2,050
Depreciation of property, plant and equipment	3,621	1,964
Exchange (gain) loss, net	(864)	1,008
Minimum lease payments under operating leases in respect of		
– office properties and buildings	5,078	7,186
– machinery	–	560
Write-down of inventories	<u>6,347</u>	<u>–</u>

10. DISCONTINUED OPERATION

On 19 November 2009, the Group entered into two agreements to dispose of the Group's jointly controlled entity, Qingyuan JCCL EPI Copper Limited ("JCCL EPI"), which carried out all of the Group's production of copper anode operation. The disposal of the production of copper anode operation represented opportunities for the Group to realise its investment in the original core business of production of copper anode operation on reasonable terms and to allow the Group to better utilising its resources and focusing on the development of its investment in the resource sector. The disposal was completed on 30 December 2009, on which date the Group ceased to have the joint control over JCCL EPI.

The results of the discontinued operation included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below. The comparative loss and cash flows from discontinued operation has been re-presented to include operation classified as discontinued in the current year. The re-presentation in the consolidated statement of comprehensive income for the prior year has had no impact on the consolidated statement of financial position at the beginning of the earliest comparative period and hence the consolidated statement of financial position at the beginning of the earliest comparative period is not presented.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<u>Loss for the year from discontinued operation</u>		
Revenue	223,290	881,514
Cost of sales	<u>(316,941)</u>	<u>(890,284)</u>
Gross loss	(93,651)	(8,770)
Other gains and losses	7,361	45
Distribution and selling expenses	(872)	(5,801)
Administrative expenses	(6,094)	(7,846)
Other expenses	–	(14,251)
Finance costs	<u>(5,713)</u>	<u>(7,865)</u>
Loss before taxation	(98,969)	(44,488)
Gain on disposal of operation (including HK\$6,987,000 reclassification of foreign currency translation reserve from equity to profit or loss on disposal of the operation)	<u>96,524</u>	<u>–</u>
Loss for the year from discontinued operation (attributable to owners of the Company)	<u><u>(2,445)</u></u>	<u><u>(44,488)</u></u>
Loss for the year from discontinued operation includes the following:		
Other staff's retirement benefits costs	109	220
Other staff costs	<u>2,543</u>	<u>1,628</u>
	<u>2,652</u>	<u>1,848</u>
Amortisation of prepaid lease payments	536	570
Auditor's remuneration	–	–
Depreciation of property, plant and equipment	2,083	1,783
Write-down of inventories	–	3,116
Impairment loss recognised in respect of goodwill	<u>–</u>	<u>14,251</u>
Other information:		
Capital additions	<u>613</u>	<u>2,093</u>
<u>Cash flows from discontinued operation</u>		
Net cash flows from (used in) operating activities	130,033	(44,391)
Net cash flows from (used in) investing activities	34,598	(14,313)
Net cash flows (used in) from financing activities	<u>(168,814)</u>	<u>50,152</u>
Net cash outflows	<u><u>(4,183)</u></u>	<u><u>(8,552)</u></u>

The carrying amounts of the assets and liabilities of JCCL EPI at the date of disposal were as follows:

	2009
	HK\$'000
Net assets disposed of:	
Property, plant and equipment	31,830
Prepaid lease payments	22,731
Inventories	92,655
Trade and other receivables	27,190
Derivative financial instruments	941
Bank balances and cash	5,498
Trade and other payables	(223,690)
Bank borrowings	(8,892)
	<u>(51,737)</u>
Transfer from translation reserve	(6,987)
	<u>(58,724)</u>
Gain on disposal	96,524
	<u>37,800</u>
Total consideration	<u><u>37,800</u></u>
Satisfied by:	
Cash	-
Deferred consideration (note)	37,800
	<u>37,800</u>
Net cash outflow arising on disposal:	
Cash consideration	-
Bank balances and cash disposed of	(5,498)
	<u>(5,498)</u>

Note: The consideration had not yet been settled by the purchaser as at 31 December 2009. The amount is unsecured, interest-free and repayable on demand. The amount is included in trade and other receivables (see note 14).

11. DIVIDENDS

Dividend recognised as distribution during the year:

	2009	2008
	HK\$'000	HK\$'000
2008 final dividend – nil		
(2008: 2007 final dividend – 0.25 HK cent per share)	<u>–</u>	<u>10,328</u>

No dividend was proposed during 2009, nor has any dividend been proposed since the end of the reporting period (2008: nil).

12. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations:

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<u>Earnings (loss)</u>		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	38,001	(3,993)
	2009 <i>'000</i>	2008 <i>'000</i>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,606,917	4,130,188
Effect of dilutive potential ordinary shares:		
Options	–	–
Convertible notes (<i>note</i>)	1,630,380	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	6,237,297	4,130,188

The computation of diluted earnings per share in 2009 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares in 2009.

The diluted loss per share for the year ended 31 December 2008 does not assume the exercise of the share options since their exercise would result in a decrease in loss per share.

From continuing operations:

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

Profit figures are calculated as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit (loss) for the year attributable to the owners of the Company	38,001	(3,993)
Add: Loss for the year from discontinued operation	2,445	44,488
Profit for the purpose of basic and diluted earnings per share from continuing operations	<u>40,446</u>	<u>40,495</u>
	2009 <i>'000</i>	2008 <i>'000</i>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,606,917	4,130,188
Effect of dilutive potential ordinary shares:		
Options	–	9,807
Convertible notes (<i>note</i>)	1,630,380	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>6,237,297</u>	<u>4,139,995</u>

The computation of diluted earnings per share in 2009 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares in 2009.

The computation of diluted earnings per share in 2008 does not assume the exercise of certain of the Company's share options because the exercise price of those options was higher than the average market price for share in 2008.

From discontinued operation:

Basic loss per share for the discontinued operation is 0.05 HK cent per share (2008: 1.08 HK cents per share), based on the loss for the year from the discontinued operation of HK\$2,445,000 (2008: HK\$44,488,000) and the denominators detailed above for basic earnings per share.

The computation of diluted loss per shares from discontinued operation does not assume the conversion of the Company's outstanding convertible notes and the exercise of the Company's share options since their conversion or exercise would result in a decrease in loss per share.

Note: The effect of dilutive potential ordinary shares of convertible notes does not take into account the conversion restriction.

13. EXPLORATION AND EVALUATION ASSETS

**Oil
exploration
rights**
HK\$'000

Cost and carrying values	
At 1 January 2009	–
Arising on acquisition of a subsidiary	3,810,136
At 31 December 2009	<u>3,810,136</u>

The amount relates to exploration and evaluation assets in respect of oil exploration rights in Argentina which were acquired during the year through the acquisition of a subsidiary.

On 19 August 2009, the Group as the purchaser, and City Smart International Investment Limited (“City Smart”) and TCL Peak Winner Investment Limited (“TCL”) as the vendors, entered into a sale and purchase agreement pursuant to which the Group conditionally agreed to acquire from the vendors the entire issued share capital of Have Result Investments Limited (“Have Result”). Both TCL and City Smart were independent third parties of the Company.

The principal assets of Have Result are all the Puesto Pozo Cercado Concession and Chañares Herrados Concession (collectively the “Concessions”) as the concession of hydrocarbon exploitation concession in the Cuyana Basin, Mendoza Province, Argentina, covering a total surface area of approximately 169.4 and 40 square kilometers respectively.

The Puesto Pozo Cercado Concession was awarded to Chañares Herrados Empresa de Trabajos Petroleros S.A. (“Chañares”), the concessionaire, under International Public Bid No. 1/92. Award of this area to Chañares was made by Resolution No. 782, dated 26 June 1992, issued by the Ministry of Economy and Public Works of the National Government, and approved by National Decree No. 1276, dated 21 July 1992. In accordance with Law No. 17,319 the term of this exploitation concession is 25 years starting from 21 July 1992, with the possibility of obtaining a 10-year extension under certain conditions.

The Chañares Herrados Concession was obtained by Chañares under an assignment agreement executed with YPF Sociedad Anonima. This area is one of the areas that was formerly owned by YPF S.E. (i.e., when it was a state-owned company), and was converted into an exploitation concession at the time YPF S.E. became a private company (YPF Sociedad Anonima) in accordance with Law No. 24,145. Administrative Decision No. 21 from Chief of Cabinet of the National Government, dated 19 April 1996, authorised the assignment of this hydrocarbon exploitation concession to Chañares. In accordance with Law No. 17,319 the term of this exploitation concession is 25 years, with the possibility of obtaining a 10-year extension under certain conditions.

The acquisition was completed in 3 November 2009 and the Group settled the initial consideration for the acquisition to the vendors by the issuance of: (1) promissory notes with principal amount of HK\$840,000,000; (2) 1,000,000,000 new ordinary shares of the Company and (3) zero coupon convertible notes with par value of HK\$2,311,520,000 and a 20-year maturity.

Pursuant to the sale and purchase agreement, the total consideration for the acquisition is subject to adjustment within 24 months following the completion and shall be determined by reference to the technical assessment prepared by a technical adviser (the “Updated Technical Report”). If the Updated Technical Report shows that the proved reserves (as defined in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (“PRMS”)) of oil in the areas are not less than 290 million barrels, the Group shall within 14 days after the issue of the Updated Technical Report issue to the vendors or their respective nominee(s) additional convertible notes in the principal amount of HK\$500 million; or (ii) if the Updated Technical Report shows that proved reserves of oil in the areas are not less than 507.5 million barrels, the Group shall within 14 business days after the issue of the Updated Technical Report issue to the vendors or their respective nominee(s) additional convertible notes in the principal amount of HK\$1,000 million.

The above contingent consideration is a derivative in accordance with HKAS 39 “Financial Instruments: recognition and measurement”. At the date of acquisition, the estimated reserves are classified as contingent resources (as defined in PRMS) by reference to the technical assessment prepared by a technical advisor. Having considered the technical assessment and the fact that the oil field is still at the exploration stage, the directors of the Company does not expect that the proved reserves in the areas will exceed 290 million barrels. Hence, in the opinion of the directors of the Company, the fair value of the contingent consideration at the date of acquisition and the end of the reporting period is not significant.

14. TRADE AND OTHER RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables	47,850	738,299
Bills receivables	28,979	30,912
	<u>76,829</u>	<u>769,211</u>
Other tax recoverable	289	9,185
Prepayments to an associate of a joint venture partner (<i>note a</i>)	–	67,129
Prepayments to other suppliers (<i>note b</i>)	109,418	35,140
Margin deposits to financial institutions	–	34,468
Consideration receivable on disposal of a jointly controlled entity (<i>note c</i>)	37,800	–
Amount due from a former jointly controlled entity (<i>note d</i>)	4,700	–
Amount due from a shareholder (<i>note d</i>)	601	–
Other receivables and deposits	30,867	15,120
Total trade and other receivables	<u><u>260,504</u></u>	<u><u>930,253</u></u>

Notes:

- (a) As at 31 December 2008, prepayment to an associate of a joint venture partner represented the prepayments for purchase of scrap copper.
- (b) The prepayments to other suppliers represent the prepayment of purchase of scrap copper in metals sourcing and trading operation.
- (c) As at 31 December 2009, consideration receivable on disposal of a jointly controlled entity was not yet settled by the purchaser (see note 10) and the management of the Group expects that it will be settled within one year.
- (d) The amounts are unsecured, interest-free and repayable on demand.

The Group allows on average credit period of 90 days to its trade customers. At the discretion of the directors, several major customers are allowed to settle their balances beyond the normal credit terms up to 180 days. The following is an aged analysis of trade and bills receivables presented based on the invoice date (other than bills receivables which are presented based on the issuance date of relevant bills) at the end of the reporting period:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 30 days	68,276	204,854
31 – 60 days	6,401	105,298
61 – 90 days	2,145	165,497
91 – 120 days	7	293,562
	<u>76,829</u>	<u>769,211</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed regularly. Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality based on the good payment history of the related debtors from historical experience. No allowance has been made for each of the years ended 31 December 2009 and 2008.

As at 31 December 2008, included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK\$10,915,000 (2009: nil) which are past due at the reporting date for which the Group had not provided for impairment loss, as there has not been significant changes in credit quality and the amounts are still considered recoverable based on the relationship and repayment history from the debtors. The Group does not hold any collateral over these balances. The average age of these receivables is 103 days in 2008 (2009: nil).

Ageing of trade and bills receivables which are past due but not impaired

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
90 – 120 days	–	10,915
	<u>–</u>	<u>10,915</u>

Movement in the allowance for bad and doubtful debts

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
At beginning of the year	–	–
Impairment losses recognised	27,203	–
Derecognised on disposal of a subsidiary	(27,203)	–
At end of the year	<u>–</u>	<u>–</u>

Included in the allowance for doubtful debts are individually impaired trade receivables which have either been placed under liquidation or in severe financial difficulties.

Included in trade and bills receivables are the following amount denominated in currency other than functional currency of the relevant group entities:

	2009 <i>HK\$'000</i> Equivalent	2008 <i>HK\$'000</i> Equivalent
USD	<u>74,353</u>	<u>231,882</u>

15. TRADE AND OTHER PAYABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables	114,965	41,972
Bills payables	27,636	44,916
	<u>142,601</u>	<u>86,888</u>
Deposits received from a former jointly controlled entity/jointly controlled entity (<i>note a</i>)	13,052	40,561
Payables for assignment of oil concession rights (<i>note b</i>)	50,700	–
Interest payable on promissory notes	1,412	–
Other payables and accruals	13,968	13,491
	<u>221,733</u>	<u>140,940</u>

Note:

- (a) As at 31 December 2009 and 2008, deposits received from a former jointly controlled entity/jointly controlled entity represent the deposits for sales of scrap copper in metal sourcing and trading operation.
- (b) Pursuant to the assignment agreement dated 24 November 2007 as amended/supplemented by the “Amendment to Contract of Assignment of Rights, Investment and Technical Cooperation” dated 19 December 2008 executed by and between Maxipetrol and Have Result, Have Result is obliged to pay to Maxipetrol US\$20,000,000 (approximately HK\$156,000,000) in consideration of Maxipetrol’s assignment of 51% rights on the future production as a consequence of new drillings and the operation of new wells in the Areas. As at 31 December 2009, the Group had a balance of US\$6,500,000 (approximately HK\$50,700,000) (2008: nil) to be paid on or before 30 November 2010.

The following is an aged analysis by invoice date (bills issued date for bills payable) of trade and bills payables at the end of the reporting period:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 30 days	132,668	35,280
31 – 60 days	7,830	–
61 – 90 days	2,103	4,439
91 – 180 days	–	44,916
Over 180 days	–	2,253
	142,601	86,888

The average credit period on purchases of goods is 30 days.

Included in bills payables at 31 December 2008 is an amount of HK\$17,100,000 (2009: nil) which is for settlement of a trade payable due to an associated company of a joint venture partner.

All of the other payables are unsecured, interest-free and expected to be settled within one year.

Included in trade and bills payables are the following amounts denominated in currency other than the functional currency of the relevant group entities.

	2009 <i>HK\$'000</i> Equivalent	2008 <i>HK\$'000</i> Equivalent
USD	136,522	21,104
ARS	6,079	–

MANAGEMENT DISCUSSION AND ANALYSIS

The Group expects that the sourcing of scrap copper and copper anode production will remain difficult while the trading of non-ferrous metals is unlikely to generate a significant contribution to earnings in the near future. To pave the way for becoming a fast growing company, the Group has therefore restructured its existing business to focus on oil and gas operations.

In May 2009, the Group entered into a series of placing transactions to dispose its equity interest in Vision Tech International Holdings Limited (“Vision Tech”), whose shares are listed on the Stock Exchange of Hong Kong Limited:

1. 100,000,000 ordinary shares of Vision Tech at a price of HK\$0.115 per share.
2. 200,000,000 ordinary shares of Vision Tech at a price of HK\$0.115 per share pursuant to an option agreement at an option fee of HK\$0.01 per option.
3. 250,000,000 ordinary shares of Vision Tech at a price of HK\$0.115 per share.

Following the completion of the transactions, Vision Tech has ceased to be a subsidiary of the Company and the remaining Vision Tech shares held by the Group have since been accounted for as held-for-trading investments.

Vision Tech did not contribute significantly to the revenue and cash flows of the Group during the year other than contributing a loss of HK\$42.28 million to the Group’s profit for the period from 1 January 2009 up to the date of the disposal. The disposal realized a gain on disposal of HK\$61.13 million.

On 10 July 2009, the Group entered into a placing agreement (as amended by the supplemental placing agreements dated 28 July 2009, 23 December 2009 and 22 January 2010) to place the remaining 200,000,000 Vision Tech shares to independent placees at a fixed price of HK\$0.42 per share. 20,000,000 Vision Tech shares were placed by the placing agent during the period between 10 July 2009 and the year end date. As at 31 December 2009, the Group held 180,000,000 shares in Vision Tech, representing 9.11% of the issued capital of Vision Tech.

The period of placing will end on 23 March 2010. Since 1 January 2009 and up to the date of this announcement a further 20,000,000 Vision Tech shares to independent parties at a fixed price of HK\$0.42 per share. As at the date of this announcement, the Group holds 160,000,000 shares in Vision Tech, representing 8.1% of the issued capital of Vision Tech.

On 19 August 2009, The Group acquired oil exploitation rights in Argentina through the acquisition of the entire issued share capital of Have Result Investments Limited (“Have Result”) from City Smart International Investment Limited and TCL Peak Winner Investment Limited (the “Vendors”). The principal assets of Have Result are the Puesto Pozo Cercado Concession and Chañares Herrados Concession (collectively the “Concessions”) of hydrocarbon exploitation in the Cuyana Basin, Mendoza Province, Argentina, covering total surface areas of approximately 169.4 square kilometers and 40 square kilometers respectively.

The Puesto Pozo Cercado Concession was awarded to Chañares Herrados Empresa de Trabajos Petroleros S.A. (“Chañares”), the concessionaire, under International Public Bid No. 1/92. Award of this area to Chañares was made 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, dated 21 July 1992. In accordance with Law No. 17,319 the term of this exploitation concession is 25 years, with the possibility of obtaining a 10-year extension under certain conditions.

The “Chañares Herrados” Area was obtained by Chañares under an assignment agreement executed with YPF Sociedad Anónima (“YPF”). This area is one formerly owned by YPF before privatization and was converted into an exploitation concession at the time YPF became a private company in accordance with Law No. 24,145. Administrative Decision No. 21 from Chief of Cabinet of the National Government, dated 19 April 1996, authorized the assignment of this hydrocarbon exploitation concession to Chañares. In accordance with Law No. 17,319 the term of this exploitation concession is also 25 years, with the possibility of obtaining a 10-year extension under certain conditions.

Chañares entered into a joint venture agreement (“JV Agreement”) with Maxipetrol – Petroleros de Occidente S.A. (formerly known as Oxipetrol – Petroleros de Occidente S.A., (“Maxipetrol”) on 14 November 2007 in connection with the “Puesto Pozo Cercado” Area and “Chañares Herrados” Area (“Areas”), for the purposes of the development of incremental production in the Areas, through the investments to be made by Maxipetrol, within the scope set forth in the JV Agreement.

Under the JV Agreement, it was established that the hydrocarbons obtained 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 thereunder, shall be distributed in the following proportion: 28% to Chañares and 72% to Maxipetrol. In the JV Agreement, Maxipetrol was expressly allowed to individually enter into agreements of technical and financial assistance with capital and technology investors in order to comply with the obligations undertaken by it under the JV Agreement, provided however that the capital and technology investors which enter into an agreement with Maxipetrol shall not become members of the Joint Venture created under the JV Agreement or parties thereto.

Have Result was incorporated in the British Virgin Islands on 12 September 2007. Have Result is principally engaged in the production of petroleum in the Concession pursuant to an Agreement for the Assignment of Rights, Investment and Technical Cooperation (the “Assignment Agreement”) dated 24 November 2007 (as amended and supplemented on 12 December 2007, 28 December 2007 and 19 December 2008) between Maxipetrol and Have Result, pursuant to which Maxipetrol assigned to Have Result part of its rights under the JV Agreement on the future production as a consequence of new drillings in the Areas. Maxipetrol and Have Result then entered into a temporary union of enterprises agreement (the “UTE Agreement”) dated 6 August 2009 in connection with the respective rights and obligations and the cooperation between the parties thereto in connection with the petroleum production in the Areas under the Assignment Agreement, pursuant to which the UTE is organised, Have Result has a 70.83% interest and Maxipetrol a 29.17% interest, for carrying out the operation of petroleum production in the Areas. Therefore, Have Result has a 51% working interest in new wells drilled in the Areas under those agreements.

According to the Assignment Agreement and the UTE Agreement, the UTE shall be in charge of defining all technical and financial aspects of the investment plans of the Areas. This includes drilling production wells or injection wells, making infrastructure works for the treatment and transportation of crude oil, geophysical or other studies, the treatment, transportation and 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, including 2009, 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.

According to the Assessment of the Contingent and Prospective Oil Resources for Certain Shallow Reservoirs and Deep Reservoir Prospects in the Areas dated 1 January 2009 (the "Technical Report") issued by Netherland, Sewell & Associates Inc., the independent technical adviser, the contingent and prospective oil resources in certain shallow reservoirs in the Oilfield are as follows with net volumes reflect Have Result's 51% working interest and account for the 12% royalty payable to the Mendoza Province:

Category	Contingent Oil Resources (MMNBBL)	
	Gross (100%)	Net
Low Estimate (1C)	88.6	39.8
Best Estimate (2C)	146.9	65.9
High Estimate (3C)	245.5	110.2

Category	Unrisked Prospective Oil Resources (MMNBBL)	
	Gross (100%)	Net
Low Estimate	7.6	3.4
Best Estimate	13.5	6.1
High Estimate	22.8	10.2

Based on the information on the Technical Report, BMI Appraisals Limited, the independent qualified valuer, had estimated the market value of a 100% equity interest in Have Result as at 30 June 2009 was US\$612 million (equivalent to HK\$4,773.60 million).

The acquisition was completed on 3 November 2009 and the Group settled the initial consideration for the acquisition to the Vendors by the issuance of promissory notes with principal amount of HK\$840 million, 1,000,000,000 new ordinary shares of the Company and 20-year maturity zero coupon convertible notes with par value of HK\$2,311.52 million.

The acquisition symbolized the initial step of the Group into the oil and gas business. In the future the Group will continue to look for other merger and acquisition opportunities in the oil and gas industry.

The Group's copper anode production business has been severely hit by the financial crisis since the second half of 2008. On 19 November 2009, the Group entered into sale agreements to dispose the Group's 60% equity interest in Qingyuan JCCL EPI Copper Limited, which carried out the Group's copper anode production business, at a consideration of HK\$37.80 million. The disposal was completed on 30 December 2009. The turnover for the year 2009 prior to the completion of the disposal was HK\$223.29 million, a decrease of 74.67% from HK\$881.51 million for the year ended 31 December 2008. The loss before taxation jumped from HK\$44.49 million in 2008 to HK\$98.97 million in 2009. The disposal realized a gain of HK\$96.52 million and reduced the loss for the year shared by the owners of the Company to HK\$2.45 million.

FINANCIAL REVIEW

For the year ended 31 December 2009, the Group's turnover was HK\$1,089.54 million, a decrease of 34.56% from HK\$1,665.02 million for the year ended 31 December 2008. Gross profit for the year was HK\$8.18 million, a decreased of 91.55% from last year. The Group recorded a profit for the year of HK\$20.31 million, against a loss for the year of HK\$7.83 million in 2008. The increase in profit attributable to the owners of the Company was mainly due to the HK\$61.13 million gain on disposal of Vision Tech and the gain on fair value changes on listed securities of HK\$98.63 million during the year.

OPERATIONS REVIEW

During the year, the Group's continuing operations comprised the sale of oil and gas, sourcing and trading of non-ferrous metals and consumer electronics business.

The Group discontinued its copper anode production business during the year.

Sales of oil and gas

During year 2009, Have Result started the drilling of five oil wells that has fulfilled the requirement of investment plan. Two are deep wells and the remaining three are shallow wells. The progress of oil well drilling up to the date of this announcement is shown in the table below.

Oil well	Status	Depth (m)
CH-1052	Development (in production)	3,697
CH-1053	Development (in production)	3,580
CH-1055	Development (in production)	3,600
CH-25 bis	Exploratory	4,685
CH-7 bis	Exploratory	3,000

In November and December 2009, Have Result completed drilling of CH-1052 and CH-1053, and started test production. The sales volume from test production in 2009 was 2,138m³, which has been sold YPF Sociedad Anonima. The net proceeds from oil sales, after deducting direct oil field operating expenses and taxes, was HK\$3.41 million. CH-1055 has commenced the production on 9 March 2010.

According to the drilling schedule, we expect that CH-25 bis will start production in mid March 2010 and CH-7 bis will start production during April 2010.

As of 31 December 2009, Have Result has incurred capital investment of HK\$168.2 million on five oil wells. Of this amount HK\$54.6 million relates to CH-1052 and CH-1053, which have been classified as oil & gas properties. The remaining HK\$113.6 million relates to CH-1055, CH-25 bis and CH-7 bis, which are classified as construction in progress. During 2009, the depreciation of oil & gas properties charged to CH-1052 and CH-1053 was HK\$1.44 million.

Future operation plans

Extension of hydrocarbons exploitation concession

The hydrocarbons exploitation concession of Puesto Pozo Cercado Area and the Chañares Herrados Area each have a term of 25 years commencing from 1992 and 1996 respectively, with the possibility of a 10-year extension. Have Result applied for these 10-year extensions in 2009 and expects to hear the result during second half of 2010. According to legal advice on Argentina law 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 reaching an 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 at present does not foresee any major difficulties in respect of the extension of the concessions.

Sub-contracting of oil drilling service

The Group is in the process of negotiating with one of the largest Chinese petroleum and chemical corporations to subcontract oil drilling services in Puesto Pozo Cercado Area and the Chañares Herrados Area. The Group expects the agreement to be finalised in second quarter of 2010.

Overall drilling plan

The Group is discussing with Chañares, the concession owner, the first draft of overall drilling plan in the concession, other than the five oil wells that began drilling in 2009. During the year, the Group made an application of the drilling plan for 2010, which is expected to be finalised in second quarter of 2010.

2. *Segment financial results*

	2009	2008	
	HK\$'000	HK\$'000	% change
Turnover	3,406	—	—
Segment Loss	(7,572)	—	—

The Group started its oil and gas operations in 2009 subsequent to the acquisition the entire share capital of Have Result on 3 November 2009.

The turnover represents sales of oil from two wells to our sole customer YPF SA net of direct oil field operating cost and taxes. The selling price was USD42 per barrel or USD 273.6 per m³. The gross profit after deducting oil & gas properties depreciation was HK\$1.87 million with gross profit margin 55%.

Operating expenses of HK\$10.35 million mainly include professional and consultancy fee on oil drilling service, salary and travel expenses.

Non-ferrous metals sourcing and trading

Segment financial results

	2009	2008	
	HK\$'000	HK\$'000	% change
Turnover	978,277	1,316,396	-25.69%
Segment Profit/(Loss)	(78,365)	96,972	N/A

The trading of non-ferrous metals business faced a difficult 2009. The Group used to purchase the scrap copper from overseas markets including United States, Europe and Asia and fixed the price by reference to the London Metal Exchange (“LME”) and sold to the customers in China with the price fixed by reference to the Shanghai Futures Exchange (“SHFE”). For most of the year the 3-month copper prices quoted on the LME and SHFE were adversely correlated and did not allow any reasonable margin on the import of the scrap copper into China. The Group also sold copper cathodes from Chile to customers in Hong Kong and China according to LME price-fixings but the margin was thin.

The non-ferrous metals sourcing and trading business will remain difficult in the foreseeable future. The Group will continue to source and trade non-ferrous materials only when the market allows a reasonable margin for the transactions. Since the business will be done on a selective basis, the turnover for this business segment is expected to continue to drop in the year of 2010.

Consumer electronics

Segment financial results

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	% change
Turnover	143,610	379,058	-62.11%
Segment Profit/(Loss)	(3,129)	5,220	N/A

The Group sells DVD Combo and home theatres to the United States and Latin American markets and outsources the production on an OEM and ODM basis to China manufacturers.

The turnover dropped significantly during the year because the Company's subsidiary Vision Tech did not contribute significant turnover to the Group up to the date of the disposal of shares in the company. Despite the decrease in business volume, the consumer electronics team successfully improved gross profit margin from 2.92% to 4.81% during the year.

FINANCIAL POSITION

As at 31 December 2009, the net asset value of the Group increased to HK\$3,976.89 million from HK\$814.37 million as at 31 December 2008 as a result of the acquisition of Have Result Investments Limited, a company holding Puesto Pozo Cercado Concession and Chañares Herrados Concession of hydrocarbon exploitation rights in the Cuyana Basin, Mendoza Province, Argentina during the year. As at 31 December 2009, the net asset value per share was HK\$0.517 (2008: HK\$0.197).

LIQUIDITY AND FINANCIAL RESOURCES

In order to meet the financing needs for the general working capital requirements and future business development, the Group decided to raise additional capital via placement of shares during the year. On 14 October 2009, the Company raised net proceeds of approximately HK\$177.50 million via a top up subscription placement of 820,000,000 shares at HK\$0.225 per share.

As at 31 December 2009, the Group recorded current assets of HK\$540.50 million, in which HK\$93 million represented by cash on hand, a reduction of 55.06 % from HK\$1,202.74 million as at 31 December 2008. The decrease was mainly attributable to the reduction of trade and other receivables from HK\$930.25 million as at 31 December 2008 to HK\$260.50 million as at 31 December 2009.

As at 31 December 2009, the Group had short term liabilities of HK\$330 million, a reduction of 30.10% from HK\$472.12 million as at 31 December 2008. The Group had HK\$258.88 million long term liabilities as at year end, out of which HK\$252.28 million was promissory notes issued on 3 November 2009 for the acquisition of the entire issued share capital of Have Result Investments Limited.

CHARGE ON ASSETS

As at 31 December 2009, the Group had pledged assets with an aggregate carrying value of HK\$25.57 million (2008: HK\$46.40 million) to secure bank loan facilities extended to the Group.

CAPITAL COMMITMENTS

As at 31 December 2009, the future capital expenditure for which the Group had contracted but not provided for amounted to HK\$63.60 million (2008: NIL).

HEDGE AGAINST COMMODITIES PRICE FLUCTUATIONS

The Group continued to take a prudent approach to hedge the inventory position through appropriate copper forward contracts during the year. Strict internal policies and procedures are in place to ensure the position is regularly reviewed and monitored to ensure that the Group is not exposed to undue market risk and the management did not allow entering into any commodities futures contract for speculation purposes.

The Group uses its future contracts traded on the LME and SHFE to hedge against fluctuations in copper price. For the year ended 31 December 2009, the Group recorded a loss on future contracts of HK\$29.16 million (2008: a gain of HK\$50.43 million). The Group did not enter into any commodities futures contracts non-related to the business operations during the year.

EMPLOYEES

As at 31 December 2009, the Group had a total of about 31 employees in Hong Kong, 16 employees in Argentina and 18 employees in PRC. Employee's cost (excluding directors' emoluments) amounted to approximately 17.09 million (2008: 25.83 million). The Group ensures that the pay levels of its employees are competitive according to market trend and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

PURCHASE, SALES AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board recognizes the importance of incorporating elements of good corporate governance into the management structure and the internal control procedures of the Group so as to ensure that all business activities of the Group and the decision making process are properly regulated.

During the year under review, the Company has applied the principles and has complied with the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) with deviations from the code provision A.2.1 and A.4.1 of the CG Code as summarized below.

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Chi Wing Joseph is the Chairman and Chief Executive Officer of the company. The Company recognizes the importance of segregating the duties of the Chairman the Chief Executive Officer and had tried the best in the past year to identify a high caliber executive to take up either one of these roles. Suitable candidate has not yet been identified but the Company would continue to look for the right person for the posts.

The code provision A.4.1 of the CG Code stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. Currently the Non-executive Directors are not appointed for a specific term. However, all Non-executive Directors are subject to retirement and can offer themselves for re-election in accordance with the Company’s Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct rules (the “Model Code”) regarding securities transactions by Directors on terms no less exactly than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, and that having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code throughout the year.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2009.

PUBLICATION OF ANNUAL REPORT

The 2009 annual report of the Group will be dispatched to shareholders of the Company and published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.epiholdings.com) respectively in due course.

For and on behalf of
EPI (Holdings) Limited
Wong Chi Wing, Joseph
Chairman

Hong Kong, 10 March 2010

As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Wong Chi Wing, Joseph and Mr. Chu Kwok Chi, Robert and Mr. Zhou Jacky, one non-executive Director, namely Mr. Leung Hon Chuen and three independent non-executive Directors, namely, Mr. Zhu Tiansheng, Mr. Qian Zhi Hui and Mr. Poon Kwok Shin, Edmond.