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DISCLOSABLE TRANSACTION PROVISION OF INDEMNITY BY THE COMPANY

The Board is pleased to announce that on 3 November 2011, the Company entered into the Facility Agreement with the Bank, whereby a term loan facility of up to US\$40,000,000 (equivalent to approximately HK\$311,200,000) is made available to the Company upon the terms and conditions thereof. The Facility will be secured by, among other things, the Share Mortgage in respect of the entire issued share capital of Ample Talent provided by Rakarta in favour of the Bank. The issued shares of Rakarta are owned as to 72%, 20% and 8% by Mr. Wu, Ms. Chan and Easy Ace, respectively. Ample Talent is a wholly owned subsidiary of Rakarta.

On 3 November 2011, the Company has executed the Indemnity in favour of Ms. Chan and Easy Ace. Pursuant to the Indemnity, the Company will pay the Fee in the amount of US\$300,000 (equivalent to approximately HK\$2,334,000) and give an indemnity for an aggregate amount of up to US\$13,000,000 (equivalent to approximately HK\$101,140,000) in favour of Ms. Chan and Easy Ace, in consideration of the Share Mortgage provided by Rakarta.

As one of the applicable percentage ratios in relation to the Fee and the Indemnity exceeds 5%, but less than 25%, the transactions contemplated under the Indemnity constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements under the Listing Rules.

The transactions contemplated under the Share Mortgage constitute a connected transaction for the Company but is exempt from all the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 3 November 2011, the Company entered into the Facility Agreement with the Bank, whereby a term loan facility of up to US\$40,000,000 (equivalent to approximately HK\$311,200,000) is made available to the Company upon the terms and conditions thereof. The Facility is for funding the development of the Argentina Project or to refinance any debt incurred by the Group for the purpose of the development of the Argentina Project. The Facility will

be secured by, among other things, the Share Mortgage in respect of the entire issued share capital of Ample Talent provided by Rakarta in favour of the Bank. The issued shares of Rakarta are owned as to 72%, 20% and 8% by Mr. Wu, Ms. Chan and Easy Ace, respectively. Ample Talent is a wholly owned subsidiary of Rakarta.

On 3 November 2011, the Company has executed the Indemnity in favour of Ms. Chan and Easy Ace. Pursuant to the Indemnity, the Company will pay the Fee in the amount of US\$300,000 (equivalent to approximately HK\$2,334,000) and give an indemnity for an aggregate amount of up to US\$13,000,000 (equivalent to approximately HK\$101,140,000) in favour of Ms. Chan and Easy Ace, in consideration of the Share Mortgage provided by Rakarta. Details of the Indemnity are as follows:

THE INDEMNITY

Date: 3 November 2011

Parties: (1) the Company as the indemnifying party;
(2) Ms. Chan; and
(3) Easy Ace,

as the indemnified parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (a) Easy Ace is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment in both listed and unlisted securities and other related financial assets; and
- (b) Ms. Chan and Easy Ace and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Terms: The Company agrees to:

- (a) pay Easy Ace a fee of US\$300,000 (equivalent to approximately HK\$2,334,000), for redistribution between Easy Ace and Ms. Chan on the date of the Indemnity; and
- (b) indemnify Ms. Chan and Easy Ace against any loss they sustain as a result of any action or claim against Rakarta pursuant to the Share Mortgage provided that the total amount payable will not exceed an aggregate amount of up to US\$13,000,000 (equivalent to approximately HK\$101,140,000).

The Fee and the terms of the Indemnity were determined based on arm's length negotiations between the parties with reference to, among other things, the value of assets held by Ample Talent and the attributable interests of Ms. Chan and Easy Ace in Ample Talent.

The Indemnity will remain valid until all obligations of Rakarta under the Share Mortgage have been discharged in full.

REASONS FOR AND BENEFITS OF THE INDEMNITY

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

The Facility will provide funding for the development of the Argentina Project or to refinance any debt incurred by the Group for the purpose of the development of the Argentina Project. The Facility is to be secured by, among other things, the Share Mortgage provided by Rakarta. The issued shares of Rakarta are owned as to 72%, 20% and 8% by Mr. Wu, Ms. Chan and Easy Ace, respectively, and Ample Talent is a wholly owned subsidiary of Rakarta. Hence, the Board considers that the provision of the Indemnity in favour of Ms. Chan and Easy Ace would allow the Company to procure the provision of the Share Mortgage by Rakarta to the Bank and therefore facilitate the Facility to be made available to the Company and benefit the Group in developing the Argentina Project.

The Directors (including the Independent non-executive Directors) believe that the provision of the Indemnity, the Fee, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Indemnity

As one of the applicable percentage ratios in relation to the Fee and the Indemnity exceeds 5%, but less than 25%, the transactions contemplated under the Indemnity constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements under the Listing Rules.

The Share Mortgage

As at the date of this announcement, Mr. Wu, through his wholly owned companies, holds approximately 18.87% of the issued shares of the Company and is therefore a substantial shareholder of the Company for the purpose of the Listing Rules. As Mr. Wu owns 72% of the issued shares of Rakarta, Rakarta is an associate of Mr. Wu and hence a connected person of the Company. Accordingly, the transactions contemplated under the Share Mortgage provided by Rakarta constitute a connected transaction for the Company under the Listing Rules. Since the provision of the Share Mortgage provided by Rakarta is for the benefit of the Company and the Directors consider that the Share Mortgage is on normal commercial terms where no security over the assets of the Group is granted to Mr. Wu in respect thereof, such connected transaction is exempt from all the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

DEFINITIONS

“Ample Talent”	Ample Talent Development Group Limited (聚富發展集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Rakarta
“Argentina Project”	the exploration, exploitation and development of hydrocarbons in the Puesto Pozo Cercado Area and the Chañares Herrados Area in the Mendoza Province of Argentina, details of which have been announced in the announcements of the Company dated 20 December 2010 and 15 July 2011, respectively
“associate”	has the meaning ascribed thereto in the Listing Rules
“Bank”	China Development Bank Corporation Hong Kong Branch (國家開發銀行股份有限公司香港分行)
“Board”	the board of Directors
“Company”	EPI (Holdings) Limited (長盈集團(控股)有限公司*) (Stock Code: 689), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Easy Ace”	Easy Ace Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Facility”	a term loan facility of up to US\$40,000,000 (equivalent to approximately HK\$311,200,000) made available to the Company upon the terms and conditions of the Facility Agreement
“Facility Agreement”	the agreement dated 3 November 2011 entered into between the Company and the Bank in respect of the Facility
“Fee”	a fee of US\$300,000 (equivalent to approximately HK\$2,334,000) payable by the Company to Easy Ace for redistribution between Easy Ace and Ms. Chan, in consideration of the Share Mortgage provided by Rakarta
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Indemnity”	the indemnity dated 3 November 2011 executed by the Company in favour of Ms. Chan and Easy Ace, details of which are set out in the paragraph headed “INDEMNITY” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Shaozhang, a substantial Shareholder
“Ms. Chan”	Ms. Chan Yuet Ying
“percentage ratio(s)”	has the meaning ascribed thereto in the Listing Rules
“Rakarta”	Rakarta Limited, a company incorporated in the British Virgin Islands with limited liability and the issued shares of which are owned as to 72%, 20% and 8% by Mr. Wu, Ms. Chan and Easy Ace, respectively
“Shareholder(s)”	shareholder(s) of the Company
“Share Mortgage”	the share mortgage dated 3 November 2011 entered into by Rakarta, Ample Talent and the Bank in respect of the entire issued share capital of Ample Talent
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For illustration purposes, all amounts denominated in US\$ in this announcement have been translated into HK\$ at the exchange rate of US\$1 = HK\$7.78, and they do not form any representations or guarantees of any person that the aforesaid currencies could be, have been, or will be converted into the other currency at the exchange rate used in this announcement.

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

Hong Kong, 3 November 2011

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wong Chi Wing, Joseph, Mr. Chu Kwok Chi, Robert and Mr. Hong Kin Choy, and three independent non-executive Directors, namely, Mr. Qian Zhi Hui, Mr. Cheung Yuk Ming and Mr. Zhu Tiansheng.

* *For identification purpose only*