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UPDATE ON THE GROUP'S PETROLEUM OPERATION IN ARGENTINA

Reference is made to the announcement of EPI (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 20 December 2010 in relation to the agreement (the “**JV Agreement**”) dated 2 December 2010 between Southstart Limited (“**Southstart**”), a wholly-owned subsidiary of the Company, and Chañares Herrados Empresa de Trabajos Petroleros S.A. (“**Chañares**”) relating to the formation of a joint venture company between EP Energy S.A. (“**EP Energy**”), a wholly-owned subsidiary of Southstart, and Chañares for the exploration, exploitation and development of the hydrocarbons in the Puesto Pozo Cercado Area and the Chañares Herrados Area located in Cuyana Basin, Mendoza Province of Argentina (the “**Areas**”). Chañares is the holder of the hydrocarbon exploitation concession rights in the Areas (“**Concessions**”).

The board of directors (the “**Board**”) of the Company would like to announce that EP Energy has been notified by the shareholders of Chañares that the shareholders of Chañares received an irrevocable offer for the acquisition of the entire issued share capital of Chañares (the “**Chañares Transaction**”). Pursuant to the JV Agreement, EP Energy has the right to compete on equal footing in the event that Chañares decides to, among other things, sell or transfer, totally or partially, its capacity as concessionaire of the Concessions, or if Chañares’ shareholders decide to sell the majority of the shares of Chañares. However, pursuant to the terms of the JV Agreement, this shall not constitute any preference or right of first refusal in favour of EP Energy. In addition, Chañares has previously granted a right of first refusal to another party.

The Board is considering whether to inform Chañares its interest to participate and eventually make an offer to purchase Chañares (the “**Proposed Offer**”). The Company may or may not be interested in acquiring Chañares and make the Proposed Offer. The Company has 30 days as from 21 May 2013 to inform Chañares about its interest to participate. Should such interest be informed to Chañares in the referred term, the deadline for submission of the Proposed Offer will be in principle 19 July 2013. In the event that the Proposed Offer materialises, the Proposed Offer and the transactions contemplated thereunder may constitute a notifiable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Further announcement(s) will be made in relation thereto as and when appropriate.

Notwithstanding the Chañares Transaction, there will be no change in concessionaire of the Concessions or assignment of rights and obligations of Chañares under the JV Agreement. Accordingly, the Board does not foresee any material adverse effects on the Group's business operation in the Concessions as a result of the Chañares Transaction.

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

Hong Kong, 27 May 2013

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Tse Kwok Fai, Sammy (Chief Executive Officer)
Mr. Allan Ritchie (Deputy Chief Executive Officer)
Mr. Hong Kin Choy (Chief Financial Officer)

Non-Executive Director:

Mr. Ho King Fung, Eric

Independent Non-Executive Directors:

Mr. Cheung Yuk Ming
Mr. Lam Ting Lok
Mr. Qian Zhi Hui
Mr. Zhu Tiansheng