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**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

The Board of Directors (the “Board”) of EPI (Holdings) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively “EPI” or the “Group”) for the six months ended 30 June 2010 (the Interim Period”), together with the comparative figures for the corresponding period ended 30 June 2009 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 June 2010*

	<i>Notes</i>	<b>For the six months ended 30 June</b>	
		<b>2010</b>	<b>2009</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Continuing operations</b>			
Revenue	3	<b>300,343</b>	341,208
Cost of sales		<b>(289,111)</b>	(321,446)
		<hr/>	<hr/>
Gross profit		<b>11,232</b>	19,762
Other income		<b>48,721</b>	65,984
Distribution and selling expenses		<b>(5,134)</b>	(5,282)
Administrative expenses		<b>(41,314)</b>	(20,303)
Other expenses	4	<b>(1,258)</b>	(15,807)
Finance costs	5	<b>(1,916)</b>	(394)
		<hr/>	<hr/>
Profit before taxation		<b>10,331</b>	43,960
Taxation charge	6	<b>(1,500)</b>	(86)
		<hr/>	<hr/>
Profit for the period from continuing operations		<b>8,831</b>	43,874

\* For identification purpose only

	Note	For the six months ended 30 June	
		2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation		–	17,022
Profit for the period	7	<b>8,831</b>	<b>60,896</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations		<b>(1,847)</b>	<b>(509)</b>
Other comprehensive (expenses) for the period		<b>(1,847)</b>	<b>(509)</b>
Total comprehensive income for the period		<b>6,984</b>	<b>60,387</b>
Profit for the period attributable to:			
Owners of the Company		<b>8,831</b>	78,685
Non-controlling interests		–	(17,789)
		<b>8,831</b>	<b>60,896</b>
Total comprehensive income attributable to:			
Owners of the Company		<b>6,984</b>	78,176
Non-controlling interests		–	(17,789)
		<b>6,984</b>	<b>60,387</b>
<b>Earnings per share (Hong Kong cents)</b>	8		
From continuing and discontinued operations			
– Basic		<b>0.10</b>	1.905
– Diluted		<b>0.05</b>	1.905
From continuing operations			
– Basic		<b>0.10</b>	1.512
– Diluted		<b>0.05</b>	1.512
Dividend paid	9	–	–

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Notes	At 30 June 2010 HK\$'000 (Unaudited)	At 31 December 2009 HK\$'000 (Audited)
<b>Non-current assets</b>			
Exploration and evaluation of assets		<b>3,810,136</b>	3,810,136
Property, plant and equipment		<b>285,275</b>	171,978
Financial assets at fair value through profit or loss		<b>2,947</b>	2,947
Deferred tax assets		–	295
Other tax recoverables		<b>65,672</b>	39,912
		<b>4,164,030</b>	4,025,268
<b>Current assets</b>			
Inventories	10	<b>37,674</b>	–
Loan receivables		–	15,962
Trade and other receivables	11	<b>199,929</b>	260,504
Held for trading investments		<b>68,800</b>	148,412
Pledged bank deposits		<b>26,333</b>	22,624
Bank balances and cash		<b>155,314</b>	93,002
		<b>488,050</b>	540,504
<b>Current liabilities</b>			
Trade and other payables	12	<b>146,855</b>	221,733
Derivative financial instruments		<b>5,563</b>	8,009
Bank borrowings - amounts due within one year	13	<b>138,483</b>	99,962
Taxation payable		<b>1,649</b>	300
		<b>292,550</b>	330,004
Net current assets		<b>195,500</b>	210,500
Total assets less current liabilities		<b>4,359,530</b>	4,235,768
<b>Non-current liabilities</b>			
Promissory notes		<b>127,480</b>	252,280
Bank borrowings – amounts due after one year	13	<b>916</b>	3,453
Assets retirement obligation		–	3,150
		<b>128,396</b>	258,883
		<b>4,231,134</b>	3,976,885
<b>Capital and reserves</b>			
Share capital	14	<b>110,138</b>	76,936
Reserves		<b>4,120,996</b>	3,899,949
Equity attributable to owners of the Company		<b>4,231,134</b>	3,976,885

# **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 June 2010*

## **1. BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2010 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

## **2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. TURNOVER AND SEGMENTS INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follows:

Petroleum exploration and sale of oil and gas	–	exploration and sales of oil and gas
Metals sourcing and trading	–	sourcing and trading of non-ferrous metals
Consumer electronics	–	sourcing and trading of consumer electronic business

Segment information about these businesses is presented below.

Six months ended 30 June 2010 (unaudited)

	<b>Metals sourcing and trading</b> <i>HK\$'000</i>	<b>Consumer electronics</b> <i>HK\$'000</i>	<b>Petroleum exploration and sales of oil and gas</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Continuing operations				
<b>Segment revenue</b>				
External sales	252,180	35,649	12,514	300,343
<b>Result</b>				
Segment results	49,094	620	(18,662)	31,052
Interest income				32
Other income				1,800
Unallocated corporate expenses				(20,637)
Finance cost				(1,916)
Profit before taxation				10,331
Taxation charge				(1,500)
Profit for the period				8,831

	Metals sourcing and trading HK\$'000	Consumer electronics HK\$'000	Elimination HK\$'000	Total HK\$'000
Continuing operations				
<b>Segment revenue</b>				
External sales	295,645	45,563	–	341,208
Inter-segment sales	36,092	–	(36,092)	–
	<b>331,737</b>	<b>45,563</b>	<b>(36,092)</b>	<b>341,208</b>
<b>Result</b>				
Segment results	(2,532)	314	–	(2,218)
Interest income				1,623
Other income				64,361
Unallocated corporate expenses				(19,412)
Finance cost				(394)
Profit before taxation				43,960
Taxation charge				(86)
Profit for the period				<b>43,874</b>
Discontinuing operation				
<b>Segment revenue</b>				
External sales	1,773	125,195		<b>126,968</b>
<b>Result</b>				
Segment results	(2,845)	411		(2,434)
Interest income				171
Other income				12,005
Unallocated corporate expenses				(47,882)
Finance cost				(3,725)
Gain on disposal				58,887
Profit before taxation				17,022
Taxation charge				–
Profit for the period				<b>17,022</b>
Consolidated profit for the period				<b>60,896</b>

#### 4. OTHER EXPENSES

	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations:</b>		
Expenses incurred in exploring potential investment opportunities	599	1,000
Change in fair value of financial assets classified as		
– held-for-trading	177	–
– derivative financial instruments	482	14,807
	<hr/>	<hr/>
	<b>1,258</b>	<b>15,807</b>
	<b><u>1,258</u></b>	<b><u>15,807</u></b>

#### 5. FINANCE COSTS

	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations:</b>		
Interest on bank borrowings wholly repayable within five years		
Bank borrowings and overdrafts	972	394
Promissory notes	944	–
	<hr/>	<hr/>
	<b>1,916</b>	<b>394</b>
	<b><u>1,916</u></b>	<b><u>394</u></b>

#### 6. TAXATION CHARGE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the six months ended 30 June 2010 and the six months ended 30 June 2009.

#### 7. PROFIT FOR THE PERIOD

The following items have been charged / (credited) to the profit for the period:

	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations:</b>		
Depreciation of property, plant and equipment	8,124	810
Operating leases on land and building	3,199	2,520
Staff costs, including directors' emoluments	15,401	9,600
Share based payment under options scheme	2,872	78
Bank interest income	(32)	(160)
	<hr/>	<hr/>

## 8. EARNINGS PER SHARE

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

	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
From continuing and discontinued operations		
Earnings		
Earnings for the purpose of basic earnings per share		
(Profit for the period attributable to owners of the Company)	<b>8,831</b>	<b>78,685</b>
	<hr/>	<hr/>
Number of shares		
Weight average number of ordinary shares for the purpose		
of basic earnings per share	<b>9,088,745</b>	4,131,348
Effect of dilutive potential ordinary shares: Convertible notes	<b>8,675,869</b>	—
	<hr/>	<hr/>
Weight average number of ordinary shares for the		
purpose of diluted earnings per share	<b>17,764,614</b>	4,131,348
	<hr/>	<hr/>
	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
From continuing operations		
Profit for the period attributable to owners		
of the Company	<b>8,831</b>	78,685
	<hr/>	<hr/>
Less: profit for the period from discontinued operation	<b>—</b>	<b>(17,022)</b>
	<hr/>	<hr/>
Earnings for the purposes of basic and diluted		
earnings per share from continuing operations	<b>8,831</b>	61,663
	<hr/>	<hr/>

## 9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

## 10. INVENTORIES

	At	At
	30 June 2010	31 December 2009
	HK\$'000	HK\$'000
(Unaudited)		(Audited)
		—
Finished goods – crude oil	<b>37,674</b>	<b>—</b>
	<b>37,674</b>	<b>—</b>

## 11. TRADE AND OTHER RECEIVABLES

	At	At
	30 June 2010	31 December 2009
	HK\$'000	HK\$'000
(Unaudited)		(Audited)
		—
Trade receivables	<b>13,953</b>	47,850
Bills receivables	<b>1,815</b>	<b>28,979</b>
	<b>15,768</b>	<b>76,829</b>
Other tax recoverable	<b>2,152</b>	289
Prepayments to other suppliers	<b>787</b>	109,418
Consideration receivable on disposal of a jointly controlled entity	—	37,800
Amount due from a former jointly controlled entity	<b>12,668</b>	4,700
Amount due from a shareholder	<b>34</b>	601
Other receivables and deposits	<b>168,520</b>	30,867
	<b>199,929</b>	<b>260,504</b>
	<b>199,929</b>	<b>260,504</b>

The Group allows an 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:

	At	At
	30 June 2010	31 December 2009
	HK\$'000	HK\$'000
(Unaudited)		(Audited)
		—
0-30 days	<b>11,798</b>	68,276
31-60 days	<b>1,721</b>	6,401
61-90 days	<b>1,267</b>	2,145
91-120 days	<b>70</b>	7
Over 120 days	<b>912</b>	—
	<b>15,768</b>	<b>76,829</b>
	<b>15,768</b>	<b>76,829</b>

## 12. TRADE AND OTHER PAYABLES

	At	At
	30 June 2010	31 December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	<b>87,143</b>	114,965
Bills payables	—	27,636
	<b>87,143</b>	<b>142,601</b>
Deposits received from a former jointly controlled entity	—	13,052
Payables for assignment of oil concession rights	<b>50,700</b>	50,700
Interest payable on promissory notes	<b>156</b>	1,412
Other payables and accruals	<b>8,856</b>	13,968
	<b>146,855</b>	<b>221,733</b>
	<b>146,855</b>	<b>221,733</b>

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:

	At	At
	30 June 2010	31 December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	<b>75,204</b>	132,668
31-60 days	<b>9,682</b>	7,830
61-90 days	<b>2,193</b>	2,103
91-120 days	<b>64</b>	—
	<b>87,143</b>	<b>142,601</b>
	<b>87,143</b>	<b>142,601</b>

### 13. BANK BORROWINGS

	At 30 June 2010 HK\$'000 (Unaudited)	At 31 December 2009 HK\$'000 (Audited)
Bank borrowings comprise the following:		
Bank loans	25,896	8,370
Trust receipts loans	113,503	80,413
Bank overdrafts	—	14,632
	<b>139,399</b>	<b>103,415</b>
Analysed as:		
Secured	113,503	80,413
Unsecured	25,896	23,002
	<b>139,399</b>	<b>103,415</b>
Carrying amount repayable:		
On demand or within one year	138,483	99,962
More than one year, but not exceeding two years	916	3,453
	<b>139,399</b>	<b>103,415</b>
Less: Amounts due within one year shown under current liabilities	<b>(138,483)</b>	<b>(99,962)</b>
	<b>916</b>	<b>3,453</b>

The Group's borrowings are classified as follows:

	At 30 June 2010 HK\$'000 (Unaudited)	At 31 December 2009 HK\$'000 (Audited)
Variable-rate borrowings	<b>139,399</b>	<b>103,415</b>

The ranges of effective interest rate (which are also equal to contracted interest rates) on the Group's borrowings are as follow:

	At 30 June 2010	At 31 December 2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Effective interest rate:		
Variable-rate borrowings	3.33% to 4.54%	2.55% to 4.90%

The interest rates of variable-rate borrowings are based on Hong Kong Interbank Offer Rate ("HIBOR") + 2.5% per annum. The trust receipt loans and bank overdrafts carry interest at prevailing market rates.

#### 14. SHARE CAPITAL

	Number of shares	Amount
	HK\$'000	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 31 December 2009 and 30 June 2010	<u>100,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 31 December 2009 and 1 January 2010	7,693,611,984	76,936
Issue of new shares ( <i>note a</i> )	1,390,000,000	13,900
Share repurchase and cancellation ( <i>note b</i> )	(20,980,000)	(210)
Conversion of convertible notes ( <i>note c</i> )	1,951,219,512	19,512
At 30 June 2010	<u>11,013,851,496</u>	<u>110,138</u>

(a) On 15 April 2010, the substantial shareholders of the Company Climax Associates Limited and City Smart International Investment Limited (the "Vendors"), the Company and the Placing Agent entered into the Top-up Placing and Subscription Agreement pursuant to which the Vendors agreed to place, through the Placing Agent on a best effort basis, up to an aggregate of 1,390,000,000 existing Shares, to not fewer than six Placees who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons of the Company and its connected persons and shall be independent of, and not acting in concert with, the Vendors and their respective concert parties, at a price of not less than HK\$0.183 per Top-up Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Vendors have conditionally agreed to subscribe for such number of Top-up Subscription Shares equal to the number of Top-up Placing Shares which will actually be placed under the Top-up Placing at a price equal to the price per Top-up Placing Share.

On 27 April 2010, following the completion of the placing of the placing, the Subscription Shares were issued under the general mandate granted to the directors of the Company on 3 December 2009. The net proceeds of approximately HK\$244 million from the Top-up Subscription are intended to be used for general working capital of the Group.

Further details of the above are set out in the Company's announcement date 15 April 2010.

(b) The Company repurchased its own share on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Highest HK\$	Lowest HK\$	Aggregate consideration paid HK\$
May 2010	20,980,000	0.121	0.100	2,306,098
The shares repurchased by the Company during the period and were cancelled.				
June 2010	9,140,000	0.109	0.101	953,430
The shares repurchased by the Company during the period but not yet cancelled.				

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

(c) During the period, 1,951,219,512 shares of the Company of HK\$0.01 each were issued upon conversion of convertible notes with an aggregate principal amount of HK\$400,000,000.

## 15. COMPARATIVE FIGURES

Certain comparative figures for the period ended 30 June 2009 have been reclassified to conform with current period's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GROUP FINANCIAL REVIEW**

In the first six months of 2010, the Group's turnover was HK\$300.3 million represented a decrease of 11.99% as compared to the same period of HK\$341.2 million last year. Gross profit was HK\$11.2 million, decreased by 43.4% from HK\$19.8 million of the corresponding period last year. In the current period, the Group has the sales of oil and gas in turnover following the completion of the oil exploitation right in Mendoza, Argentina on 3 November 2009.

During the period ended 30 June 2010, the Group recorded a profit attributable to the owners of the Company of HK\$8.8 million, represented a decrease of 88.8% from HK\$78.7 million of the corresponding period last year. The Company's new business of petroleum exploration and production is still in early development stage and has nominal contribution to the Group's profitability.

### **BUSINESS AND OPERATIONS REVIEW**

In the first six months of 2010, the Group's continuing operations comprised of the sale of oil and gas, sourcing and trading of non-ferrous metals and consumer electronics business. The Group had discontinued its copper anode production business in the second half of 2009.

#### **Sale of oil and gas**

On 12 April 2010, Have Result Investments Limited ("Have Result"), a wholly-owned subsidiary of the Group, has signed a collaborative agreement with SinoPec International Petroleum Service Corporation ("SinoPec"), a wholly-owned subsidiary of China Petrochemical Corporation, for drilling service at Mendoza oilfield project in Argentina.

Under the drilling service agreement, SinoPec will deploy its oil project team including technical professionals, well advanced drilling machinery, tools as well as other equipments to develop and to drill the oil wells in Mendoza oil field where EPI has 51% of working interest.

In June 2010, SinoPec has deployed a team of professionals including technicians, lawyers, logistics professionals, to Argentina to perform preparation work, that covers establishing Argentina legal entity, exploring with suppliers and contractors, meeting with Labor Union, meeting with Governments, and employing local technicians and labor. In August 2010, SinoPec has completed the registration of its wholly-owned subsidiary in Argentina.

In July 2010, SinoPec has started the process to deliver the drilling machinery and other equipments to Tianjin Port, China. On 31 August 2010, the equipments will depart Tianjin Port to Buenos Aires Port. SinoPec will deploy a whole team of professionals to Mendoza in September 2010.

As of the report date, all the 5 oil wells that the Group drilled in Mendoza oilfield are in production, at 100% successful rate. Out of the 5 oil wells, CH-25 bis and CH-7 bis are testing deep wells with depth over 4,200 meters, have reached the Protrerillos Formation, the first time in history in this oilfield to have production in Protrerillos Formation.

## 1.1 Operations review

During the first six months of year 2010, Have Result has finished the drilling of 3 wells according to the last's year investment plan. As of the date of announcement, there are 5 wells in production,

<b>Oil well</b>	<b>Status</b>	<b>Depth (m)</b>	<b>Date of production</b>
CH-1052	In production	3,697	26 Nov 2009
CH-1053	In production	3,580	8 Dec 2009
CH-1055	In production	3,600	25 Mar 2010
CH-25 bis	In production	4,685	12 May 2010
CH-7 bis	In production	4,200	14 Aug 2010

Up to June 2010, the total net proceeds from crude oil sales, after deducting direct oil field operating expenses and taxes, was HK\$12.5 million. All the crude oil was sold to YPF Sociedad Anonima.

## 1.2 Future operation plan

### *Extension of hydrocarbons exploitation concession*

The hydrocarbons exploitation concession of Puesto Pozo Cercado Area and the Chañares Herrados Area have a term of 25 years commencing from 1992 and 1996 respectively, with the possibility of a 10-year extension. According to legal advice on Argentina 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.

Chañares Herrados, the concession owner of Mendoza oilfield that the Group has 51% working interest, together with other concession owners in Mendoza have applied for the 10-year extension to the Mendoza Government. The Group expects the whole process of the license extension will be completed by first half of 2011.

### *Overall drilling plan*

Chañares Herrados, the concession owner, has approved the drilling plan for year 2010 submitted by the Group and has made application of drilling plan to the Government in second quarter of year 2010. The Group expects that an approval will be granted by the Government on third quarter of year 2010.

The Group is discussing with Chañares Herrados, the concession owner, on the overall drilling plan in the Concession other than the 5 oil wells that has completed drilling and in production.

### *Sub-contracting of oil drilling service*

SinoPec will ship the drilling machinery and other equipment on 31 August 2010 and is expected to arrive at Buenos Aires on mid-October 2010. After inland transportation from Buenos Aires, installation, inspecting and testing of equipment, SinoPec is scheduled to start drilling work of new wells by November 2010.

## **2. Segment financial results**

	<b>Six months ended 30 June</b>		
	<b>2010</b> <b>HK\$'000</b>	<b>2009</b> <b>HK\$'000</b>	<b>Change</b>
Turnover	<b>12,514</b>	—	N/A
Segment loss	<b>(18,662)</b>	—	N/A

The Group started the oil and gas business and have finished drilling of 2 oil well in year 2009. During the first six months of year 2010, the Group has completed the drilling of another 3 oil wells; total 4 oil wells are in production. The turnover represents sales of oil to our customer YPF Sociedad Anonima net of direct oil field operating cost and taxes. The average selling price is USD47.7 per barrel or USD 299.7 per m<sup>3</sup>. The gross profit after deducting oil & gas properties depreciation is HK\$3.9 million with gross profit margin 31.2%.

Operating expenses HK\$23.2 million mainly include professional and consultancy fee on oil drilling service, salary and travel expenses.

## Non-ferrous metals sourcing and trading

### *Segment financial results*

	Six months ended 30 June		Change
	2010 HK\$'000	2009 HK\$'000	
Turnover	<b>252,180</b>	331,737	-23.98%
Segment profit/(loss)	<b>49,094</b>	(2,532)	N/A

The Group's main business focus is in the oil exploration and production thus has reduced the copper cathodes trading activities during the six months ended 30 June 2010. The Group will continue to source and trade copper cathodes on a selective basis and only when the market allows a reasonable margin for the transactions.

## Consumer electronics

### *Segment financial results*

	Six months ended 30 June		Change
	2010 HK\$'000	2009 HK\$'000	
Turnover	<b>35,649</b>	45,563	-21.76%
Segment profit	<b>620</b>	314	+97.45%

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 consumer electronics business have minimal contribution to the earnings before interest, tax, depreciation and amortization (EBITDA) and the Board had decided to dispose the business and focus on the resources exploration and production business. On 27 August 2010, the Group entered into two agreements to dispose the companies holding the assets and business of the consumer electronics to independent third parties at the consideration of HK\$1,000,000 in total. The Group expects to recognise a gain of HK\$3.4 million upon the completion of the disposal in the second half of 2010.

## **Projects under Negotiation**

On 15 July 2010, the Group entered into a non-legally binding letter of intent with an independent third party in respect of a proposed formation of a joint venture enterprise in certain areas in Mendoza, Republic of Argentina (the “Areas”) which are outside the Puesto Pozo Cercado Area and Chañares Herrados Area, where the Group is currently in operations. The independent third party is the holder of hydrocarbon exploration and exploitation concessions in the Areas and the proposed joint venture will be engaged in the business of exploitation and production of oil and gas in the Areas.

The parties have 45 days to negotiate the terms of the proposed joint venture. Despite the period of negotiation has expired on 30 August 2010, the negotiation is still in progress.

On 9 August 2010, the Group entered into another non-legally binding letter of intent with an independent third party in respect of a proposed acquisition of a group of companies holding the concessions and/or operating rights with operations in Argentina. The proposed acquired group of companies is in operations with a positive cash flow and the earnings before interest, taxes, depreciation and amortization (EBITDA) for the year ended 31 December 2009 exceeding US\$30 million. The Group is now negotiating the acquisition price with the seller.

**The Board wishes to emphasize that the negotiations for the two projects may or may not proceed. Shareholders and investors of the Company are urged to exercise caution when dealing in the shares of the Company.**

## **Prospects**

The Group will continue to increase the production of crude oil in Mendoza oil field project and will continue to develop and grow the oil and gas business.

The Group will grow through selective acquisition and development of proved but undeveloped oil and gas resources assets in South America and other promising markets.

During the period, the Group has already identified several oil assets and is under valuation and negotiation stage of discussion. The Group will strive to become one of the leading players in the oil and gas industry.

## **INTERIM DIVIDEND**

The board of directors of the Company has resolved that no interim dividend be paid for the period (2009: NIL).

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2010, the Company repurchased and redeemed the shares as follows:

<b>Date</b>	<b>Number of Shares repurchased</b>	<b>Method of Shares repurchase</b>	<b>Prices per Share</b>	
			<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
19 May 2010	6,200,000	On the Exchange	0.121	0.116
20 May 2010	14,780,000	On the Exchange	0.116	0.100
Redeemed during the period	20,980,000			
29 June 2010	5,100,000	On the Exchange	0.109	0.103
30 June 2010	4,040,000	On the Exchange	0.104	0.101
Not yet redeemed during the period	9,140,000			
	30,120,000			

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company 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”).

For the period ended 30 June 2010, the Company has complied with the CG Code 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 and the chief executive officer and has tried its best to identify a high caliber executive to take up either one of these roles. A suitable candidate has not yet been identified but the Company will continue to look for the right person for the post.

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 were not appointed for a specific term. However, all non-executive directors were subject to retirement and offer themselves for re-election at each Annual General Meeting in accordance with the Company's Bye-laws.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Upon specific enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the period.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated accounts for the six months ended 30 June 2010 with the Directors.

The Audit Committee comprises two Independent Non-executive Directors, namely Mr. Poon Kwok Shin Edmond (Chairman of the Audit Committee) and Mr. Qian Zhi Hui and one Non-executive Director, Mr. Leung Hon Chuen. Mr. Poon is a certified public accountant.

On behalf of the Board  
**EPI (Holdings) Limited**  
**Wong Chi Wing Joseph**  
*Chairman*

Hong Kong, 30 August 2010

*As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Wong Chi Wing, Joseph, 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.*