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## **EXTENSION OF TERMS OF CONCESSION RIGHTS IN ARGENTINA**

This announcement is made by EPI (Holdings) Limited pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Company dated 20 December 2010 (the “Announcement”) in relation to, among other things, the formation between Chañares and EP Energy of a joint venture company which is engaged in the exploration, exploitation and development of hydrocarbons in Argentina. Capitalised terms used herein have the same meanings as defined in the Announcement unless otherwise specified. As disclosed in the Announcement, Chañares was awarded the hydrocarbon exploitation concession of the Puesto Pozo Cercado Area by Resolution No. 782 dated 26 June 1992 issued by the Ministry of Economy and Public Works of the National Government of Argentina and approved by National Decree No. 1276 dated 21 July 1992. Chañares was also assigned the concession for the Chañares Herrados Area from the previous owner and such assignment has been authorised by Administrative Decision No. 21 from Chief of Cabinet of the National Government of Argentina in 1996. Puesto Pozo Cercado Area Concession and Chañares Herrados Area Concession have a term of 25 years commencing from 26 June 1992 and 24 September 1992 respectively with the possibility of a 10-year extension.

The Board has been informed by Chañares on 14 July 2011 that the Executive of the Province of Mendoza issued a Decree No. 1467 dated 30 June 2011 (the “Decree”) pursuant to which Chañares obtained an extension of 10 years from the date of expiry of the original term of the Concessions. The Decree approved an agreement between Chañares and the Mendoza Province dated 31 May 2011 (the “Extension Agreement”), whereby the parties agreed on the terms and conditions of the aforementioned extension, subject to issuance of the Decree. As disclosed in the Announcement, pursuant to the terms of the Agreement, Southstart and EP Energy are jointly obliged to pay an aggregate amount of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to Chañares in consideration for the right to drill in the Areas during the extended term of the Concessions.

Pursuant to the Extension Agreement and the Decree, an extraordinary production fee will be charged by the relevant government authority of Argentina for the production of crude oil and natural gas under the Concessions. In addition, if the selling price of crude oil and/or natural gas exceeds certain amounts as prescribed in the Decree, an extraordinary income fee will be obliged to be paid to the relevant government authority of Argentina. The Extension Agreement is in force since 30 June 2011 and will

continue to be in force to the date of expiry of the extended terms of the Concession, provided however that the extraordinary production fee will start to accrue in August 2011. Notwithstanding the cost of petroleum production under the Concessions will be increased, the Company welcomes the 10-year extension which allows us to enjoy the petroleum income until 2027.

The Board also wishes to update shareholders of the Company and the investing public that the joint venture Company has completed the drilling of two new oil wells and is now drilling the third new oil well in the Areas pursuant to the 2011 Investment Plan.

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

Hong Kong, 15 July 2011

*For illustration purposes, all amounts denominated in US\$ in this announcement has been translation 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 currency could be, has been, or will be converted into the other currency at the exchange rate used in this announcement.*

*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. Hong Kin Choy and three independent non-executive Directors, namely, Mr. Zhu Tiansheng, Mr. Qian Zhi Hui and Mr. Cheung Yuk Ming.*

*\* for identification purpose only*