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## MEMORANDUM OF UNDERSTANDING FOR PROPOSED ACQUISITION

The Board is pleased to announce that on 28 November 2012, after the trading hours, the Company entered into a non-legally binding MOU with a group of independent third parties in respect of a proposed acquisition of the equity ownership and voting shares of a group of companies holding the interests in certain oil and gas properties located in United States of America.

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

The board of directors (the “**Board**”) of EPI (Holdings) Limited (the “**Company**”) is pleased to announce that on 28 November 2012, after the trading hours, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a group of independent third parties (the “**Vendor**”) in respect of a proposed acquisition from the Vendor the equity ownership and voting shares of a group of companies (the “**Target Group**”) holding the interests in certain oil and gas properties located in United States of America (the “**Proposed Acquisition**”). The Target Group is in operations and majority of its reserves is classified as proved developed producing, i.e. PDP, the lowest risk category in the E&P Sector. Based on the Vendor’s latest forecast, the estimated quantity (expressed in barrels of oil equivalent) of proved reserves, i.e. 1P, owned by the Target Group is approximately 85 million and the approximate daily production of barrels of oil equivalent for 2012 is 10,000. The forecasted gross revenue and the forecasted net cash flow from operations of the Target Group for the year 2012 are US\$259 million and US\$129 million respectively. The forecasted gross revenue and net cash flow from operations for the year 2013 and 2014 will not be less than those amounts for the year 2012.

The Proposed Acquisition may or may not proceed and the details of the terms of the Proposed Acquisition will be further discussed and agreed between the Company and the Vendor upon the completion of the in-depth confirmatory due diligence review of financial, tax, legal, technical and valuation of oil reserves. If the Proposed Acquisition proceeds, the base purchase price for the proved reserves will be in the range of US\$1.0 billion to US\$1.75 billion. The Company will also make future payments for possible reserves payable on a well-by-well basis to the Vendor at a mutually agreeable percentage of the net proceeds realized from the sale of possible reserves produced from or in place in the well. The aggregate amount of the consideration would constitute a very substantial acquisition transaction for the Company under Chapter 14 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and further announcement will be made by the Company in accordance with the Listing Rules.

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

By Order of the Board  
**EPI (Holdings) Limited**  
**Chu Kwok Chi Robert**  
*Executive Director & CEO*

Hong Kong, 28 November 2012

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

\* *for identification purpose only*