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EPI (Holdings) Limited
長盈集團(控股)有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 689)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO (1) DISCLOSEABLE TRANSACTION; AND (2) THE 2024 ANNUAL REPORT

(1) Reference is made to the announcement of EPI (Holdings) Limited (the "**Company**") dated 30 June 2025 (the "**Announcement**") in relation to the Participation of Working Interest. Unless otherwise defined, capitalised terms used herein have the same meanings as defined in the Announcement.

The Board wishes to provide supplemental information in relation to the Well Costs and the Working Interest as follows:

The Well Costs

For the purpose of assessing the fairness and reasonableness of the Well Costs provided by BRW, the Group has taken into account of the following:

(a) The Group has performed research in public domain and identified two nearby wells with similar specification drilled in the same formation on the land northeast to the Well (the "**Comparable Wells**") and compare their respective drilling and completion costs against the Well Costs. When assessing the reasonableness of the Well Costs, the Group considered that, among others, one of the major factors affecting the costs for Drill, Complete, Equip and Tie-in ("**DCET**") is the horizontal leg length of a well which in turn affects the initial daily production volume over a 30-day period ("**IP30**"), and thus calculated the ratio of the DCET to (i) leg length; and (ii) IP30 of the Comparable Wells and the Well respectively. Upon comparison, it is noted that (i) the DCET to leg length ratio of the Well is lower than that of the Comparable Wells; and (ii) the DCET to IP30 ratio of the Well is also lower than that of the Comparable Wells. In this regard, the Group considered that the Well Costs is comparatively lower than the well costs of Comparable Wells upon negotiation with BRW;

* *For identification purpose only*

(b) The Group assessed the reasonableness of the Well Costs by obtaining market quotations from service providers or vendors or undergoing bidding process on surface lease cost, rig mobilization cost, drilling operation cost, equipment cost and completion cost which covers approximately 70% of the Well Costs and is considered to be reasonable by the Company; and

(c) The Group performed a detailed analysis on the economic feasibility of the Well based on (i) the estimated daily production and the production decline rate estimated by the Group's qualified and experienced geologist taking into account of the historical production data of nearby wells produced from the same oil formation in the Provost area; (ii) the estimated future production of the Well; (iii) the estimated oil selling price based on the recent selling price of the oil of similar quality produced in nearby wells operated by the Group; (iv) the royalty payable to the freehold royalty interest owner; (v) the estimated operating costs of the Well; (vi) the Wells Costs; and (vii) the Working Interest in the Well before and after Payout.

Based on the final version of the revised AFE, it is expected that the Well Costs will not exceed C$1,298,511. Excess of the Well Costs resulting from any unexpected event(s) during the drilling and completion activities of the Well (the "**Excess Amount**") will be borne by the Participant. It is expected that the applicable percentage ratios (as defined in the Rule 14.07 of the Listing Rules) in respect of the payment of the Well Costs and the Excess Amount in aggregate will be less than 25%. Should there be any material difference between the Well Costs and the actual costs for DCET of the Well, further announcement will be made by the Company as and when necessary.

The Working Interest

In formulating the percentage of Working Interest in the Well before and after Payout, the Group has considered the expected length of time to reach breakeven on the Well Costs ("**Breakeven**") and the level of operating cost required for operating the Well with favourable investment return after arm's length negotiation between the Participant and BRW with reference to, among other things, the following:

(a) By earning 70% of the Working Interest in the Well before Payout, the Group would be able to reach the Breakeven for the Well in a shorter period than the average time required for the Group's existing wells in the Provost area to reach breakeven; and

(b) By earning 50% of the Working Interest in the Well after Payout, the Group would be able to reduce the operating cost contribution to the Well while it could still earn a stable revenue throughout the life of the Well generating net income with profit margin similar to that of the existing wells of the Group.

Based on the above, taking into account of (i) the Well Costs estimated by BRW are comparatively lower than (in terms of the DCET to leg length ratio and DCET to IP30 ratio) the drilling and completion costs of similar wells in the same formation in the Provost area; (ii) the Well Costs are assessed to be reasonable by making reference to market quotations and bidding prices; (iii) with 70% of the Working Interest in the Well before Payout, the Well could achieve the Breakeven in a shorter period than the average time required for the Group's existing wells to reach breakeven; and (iv) with 50% of the Working Interest in the Well after Payout, the Group would be able to reduce the operating cost contribution to the Well while it could still earn a reasonable return, the Group considered the Working Interest arrangement follows the market practice and the percentages of Working Interest in the Well before and after Payout are similar to those of the market transactions of the nearby wells in the Provost area after arm's length negotiation between the parties to the Agreement and expects a stable revenue throughout the life of the Well generating net income with profit margin similar to that of the existing wells of the Group. As such, the Board is of the view that the Well Costs and the percentage of Working Interest are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Save as disclosed above, all other information set out in the Announcement remains unchanged.

(2) Reference is also made to the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"). The Board wishes to provide further information on the Share Option Scheme as disclosed in the 2024 Annual Report for the reference of shareholders and potential investors of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2024 Annual Report.

(a) The Company has not granted any options under the Share Option Scheme for the year ended 31 December 2024. As at 1 January 2024 and 31 December 2024, the number of share options available for grant under the Share Option Scheme was 524,034,404 shares; and

(b) Unless the Directors otherwise determined and stated in the offer to the participant, there is no minimum period for which an option granted under the Share Option Scheme must be held before it can be exercised.

Save as disclosed above, all other information set out in the 2024 Annual Report remains unchanged.

By Order of the Board
EPI (Holdings) Limited
Chan Shui Yuen
Executive Director

Hong Kong, 21 July 2025

As at the date of this announcement, the Board of Directors of the Company comprises three Executive Directors, namely Mr. Chan Shui Yuen, Mr. Bai Zhifeng and Mr. Wang Jinglu; and three Independent Non-executive Directors, namely Mr. Pun Chi Ping, Mr. Khoo Wun Fat, William and Ms. Jiao Jie.