

To: Financial Editor
Press Release
For Immediate Release

EPI announced 2010 annual results

Existing five oil wells in Argentina are in production

The drilling of the sixth new oil well has commenced and will be completed in May 2011

[Hong Kong, 31 March 2011] EPI (Holdings) Limited (“EPI” or the “Group”, SEHK: 0689) announced its annual results for the full year ended 31 December 2010.

- The Group’s turnover was HK\$937 million, a decrease of 0.92% from HK\$945 million for the year ended 31 December 2009.
- The loss for the year was HK\$288.6 million, against a profit for the year of HK\$20.3 million in 2009. The substantial loss for the year is mainly attributable to the majority portion of the drilling costs of two deep wells, namely CH-7 bis and CH-25 bis, being reclassified for exploration purposes and charged to the profit and loss account in the year of 31 December 2010.
- Taking into the account of the fair value gain on available-for-sale investments of HK\$57 million, the total comprehensive expense for the year was HK\$237 million, against a comprehensive income of HK\$13.7 million for the year ended 31 December 2009.
- The Board of Directors does not recommend the payment of a dividend.

Mr. Joseph Wong, Chairman and CEO of EPI, said, “The year of 2010 was to focus on building the foundations for the development work of Chañares oilfield project in Mendoza, Argentina. Our main goal is to achieve immediate production from the Chañares oilfield projects, to built the operation and management team of the oilfield project, to obtain a 10 year extension of the hydrocarbons exploitation concession of the Chañares Herrados and Puesto Pozo Cercado Concessions in Argentina, and to have Sinopec’s drilling team to start working on the drilling of the oil wells as scheduled in 2011. The substantial loss for the year 2010 was mainly from the one time exploration expenses of the two deep wells and a collective expense from our previous copper business. We see this as a one off loss that will provide a healthy accounting positioning for the future of the group.”

Business Review

Sales of oil and gas

The Group is principally engaged in the petroleum exploration and production in the Puesto Pozo Cercado Concession and Chañares Herrados Concession (collectively the “concessions”) in the Cuyana Basin, Mendoza Province of Argentina.

During the period under review, **the sales of oil and gas** recorded a turnover of HK\$35,695,000 (2009: HK\$3,406,000) with a segment loss of HK\$250,676,000 (2009: loss of HK\$7,572,000)

In 2010, the Group has successfully built the operation and management team of the Chañares oil field project having Sinopec International Petroleum Service Corporation as our drilling partner. During the year, the Group has completed drilling of 5 new oil wells, out of which, two shallow wells; CH-1052, CH-1053 are in full production and CH-1055 shallow well and the two deep wells CH-25 bis, CH-7 bis are in their initial production in the second and third quarter of 2010 and does not accountable for full year production contribution in 2010. The sixth new oil well CH-1059 has started drilling in March 2011 and will be completed in May 2011. All the oil was sold to YPF Sociedad Anonima. The average selling price is USD 48.4 per barrel or USD 304.4 per m³.

Operations review:

Well	Status	Depth (m)	Date of Production
1. CH-1052	• In production	3,697	26 November 2009
2. CH-1053	• In production	3,580	8 December 2009
3. CH-1055	• In production	3,600	25 March 2010
4. CH-25 bis	• In production	4,685	12 May 2010
5. CH-7 bis	• In production	4,200	14 August 2010
6. CH-1059	• In Progress	--	Commence drilling in March 2011, will complete drilling in May 2011

Petroleum related products trading

For trading of petroleum related products, the Group commenced the trading of petroleum related product in the third quarter of 2010, and recording a turnover of HK\$463,940,000 with segment profit of HK\$6,191,000. In 2010, the Group purchased 63,044 metric tons of mixed aromatics and 14,407 metric tons of MTBE from overseas markets and sold to the customers in China.

Non-ferrous metals sourcing and trading

During the review period, the ***non-ferrous metals sourcing and trading*** business recorded turnover of HK\$437,623,000, with segment profit of HK\$18,024,000 versus HK\$78,365,000 segment loss in the same period last year.

The trading of non-ferrous metals business remained difficult in 2010. The Group had stopped trading the scrap copper in the year of 2010 and only traded the copper cathodes on selective basis when the transactions allowed a reasonable margin. The Group had decided to suspend the trading of copper cathodes in the year of 2011.

Increased oil output interest from 51% to 72%

Maxipetrol has terminated the contractual relationship with EPI. The Group formed a new joint venture company with the Concessions owner – Chañares, through its wholly-owned subsidiaries Southstart Limited and EP Energy S.A. Through the new joint venture, the Group's operating and production interest from the new wells drilling in the oil field concessions increase from the previous 51% to 72%. The increase of the oil output production interest of 21% will contribute to an increase of our future sales revenue and the direct partnership with Chañares will strengthen the operational management and improve our operational efficiency.

Extension of license

The hydrocarbons exploitation concession of Puesto Pozo Cercado Area and the Chañares Herrados Area of Mendoza oilfield, have a term of 25 years commencing from 1992 and 1996 respectively. Chañares Herrados, the concession owner of Mendoza oilfield has made the application of 10-year extension to the Mendoza Government. The application has been accepted by the Mendoza Government, and Chañares Herrados has filed all the information and documents required by the Mendoza Government. It was in the process of negotiation with Government and expects to be finalised during second quarter of year 2011. We are confident that we can obtain the extension in second quarter of year 2011.

Overall drilling plan

The sixth new oil well CH-1059, of the Group started drilling in March 2011, employing the drilling rig and service from SinoPec. The Group expects the drilling of CH-1059 will be completed in May 2011 and will commence production on the second quarter of year 2011.

The Group is constantly reviewing technical improvement to increase the production rate of the existing 5 oil wells in production. The Group has appointed China Petroleum Drilling and Contractual Engineering Study Group (translated from Chinese) to conduct a technical feasibility study to seek alternative drilling method such as horizontal drilling which the general international practice is to increase the production to 3-7 times of Vertical drilling with 2 times

investment of Vertical drilling, and also other studies to improve output volume from the Group's present vertical drilling method. This is an important study as we need all the technical information to contribute to the master exploration drilling and production plan.

Prospects

Commenting future, **Mr. Joseph Wong, Chairman and CEO of EPI**, said, "In early 2011, we had been engaged in arranging funding requirements to fulfill the capital expenditure for the development plan of the oilfield project, our oilfield investment requires middle to long term capital for our funding needs, we have studied a detail analysis for our total capital funding requirements including debt or equity financing and our strategy will always be to maximize our shareholders return. The Group has planned to drill five to ten wells in the year of 2011 and will require a capital expenditure ranges from US\$30 million to US\$ 55 million. Currently, we are under extensive negotiation with banks for arranging a medium term project financing and we are confident that we will be able to achieve our funding requirements within the set time frame." Mr Wong concluded, "The year of 2011 onwards is promising. When our last piece of the puzzle has been aligned, we should be very positive to the success in achieving our return from the Chañares oilfield investment."

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About EPI (Holdings) Limited (SEHK: 0689)

EPI is a company that primarily focuses on the production of oil and gas in the energy and resource sector. While having a strong oil and gas exploration and production operation in Argentina, EPI is progressively expanding its portfolio through strategic mergers and acquisitions in other oil and gas projects around the world. EPI is committed to becoming one of Asia's leading operators in the oil and gas industry and is proactively pursuing investment opportunities that create long-term, sustainable value to our shareholders.

About Chañares Herrados Empresa de Trabajos Petroleros S.A. ("Chañares")

Chañares is the holder of the Concessions and is principally engaging in the development and operation of oil and gas business in the Chañares Herrados Area and Puesto Pozo Cercado Area covering an aggregate area of 210 square kilometers located in Cuyana Basin, Mendoza Province in Argentina where EPI's oilfield project locates. Chañares was awarded the hydrocarbon exploitation concession of Chañares Herrados Area and Puesto Pozo Cercado Area with a term of 25 years commencing from 1992 with the possibility of a 10-year extension and it has made the request for the extension of the terms of the Concessions.

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