

Interim Report

A detailed technical line drawing of a crane's structural framework, showing the boom, jib, and support structure. The drawing is rendered in a light yellow/gold color against a white background.

2021

CORPORATE PROFILE

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.

FINANCIAL SUMMARY

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”).

HK\$'000

	2010 1H	2009 1H	Change
Turnover	300,343	341,208	-11.97%
Gross profit	11,232	19,762	-43.16%
Profit before taxation	10,331	43,960	-76.50%
Profit attributable to equity holders of the Company	8,831	78,685	-88.78%
Earnings per share attributable to equity holders of the Company			
– Basic HK cents	0.10	1.905	
– Diluted HK cents	0.05	1.905	

FINANCIAL POSITIONS

HK\$'000

	2010 1H	2009	Change
Cash and bank balances	155,314	93,002	+67.00%
Total assets	4,652,080	4,565,772	+1.89%
Short term borrowings	292,550	330,004	-11.35%
Long term borrowings	128,396	258,883	-50.40%
Total equity	4,231,134	3,976,885	+6.39%

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EPI (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

EXECUTIVE DIRECTORS

Mr. Wong Chi Wing Joseph (Chairman & CEO)

Mr. Chu Kwok Chi Robert

Mr. Zhou Jacky

NON-EXECUTIVE DIRECTOR

Mr. Leung Hon Chuen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Kwok Shin Edmond

Mr. Qian Zhi Hui

Mr. Zhu Tiansheng

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hong Kin Choy

PRINCIPAL BANKER (HONG KONG)

DBS Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL BANKER (PRC)

Bank of China Limited

Shenzhen Development Bank Company Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM 08 Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

AUDIT COMMITTEE

Mr. Poon Kwok Shin Edmond (Chairman
of the Audit Committee)

Mr. Leung Hon Chuen

Mr. Qian Zhi Hui

REMUNERATION COMMITTEE

Mr. Leung Hon Chuen (Chairman of
the Remuneration Committee)

Mr. Poon Kwok Shin Edmond

Mr. Qian Zhi Hui

NOMINATION COMMITTEE

Mr. Wong Chi Wing Joseph (Chairman of
the Nomination Committee)

Mr. Leung Hon Chuen

Mr. Poon Kwok Shin Edmond

REGISTERED OFFICE

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SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

Deloitte Touche Tohmatsu

SHARE INFORMATION

Place of listing: Main Board of The

Stock Exchange of Hong Kong Limited

Stock Code: 0689

Board lot: 20,000 shares

Financial year end: 31 December

Share price at 30 June 2010: HK\$0.104

Market capitalization at 30 June 2010: HK\$1,145 million

WEBSITE ADDRESS

www.epiholdings.com

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of EPI (Holdings) Limited (the “**Company**”), I present herein the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the period ended 30 June 2010.

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. 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. The Board does not recommend the payment of an interim dividend.

The Board believes that consumption in petroleum and natural gas has been a global trend and for which there is a shortage of this irreplaceable form of energy, hence, prices for petroleum and its related products, in spite of fall from historical high in 2008, have been rising over years. In the long run, the global economic will continue growth and accelerate industrialization and urbanization in certain parts of the world as well as the development of global economy, petroleum and other natural resources will have its sustained demand.

Following the completion of the acquisition of 51% operating rights in the Mendoza oilfield project in Argentina in November 2009 with two wells commenced production in December 2009, the Group had completed drilling of another three wells during the first half of 2010. Among the five wells, two of which are testing deep wells drilled to 4,685 meters and 4,200 meters respectively for the collection of oil layers information in Protrerillos Formation. All the five wells have commenced the production in August 2010. The local environmental department had just visited and inspected the location of new wells to be drilled listed in our drilling plan for the year 2010 and it is expected

that the drilling permit will be granted by the government within the third quarter of this year. SinoPec International Petroleum Service Corporation, a wholly-owned subsidiary of China Petrochemical Corporation, will provide the drilling service to us for the new wells to be drilled in the forth quarter.

For the next few years, the Group will focus in the operation and development of the oil and gas business. The year of 2010 is better to describe as a year of transition for the Company and we continue to dispose our non-core assets. In July 2010, we have completed the placing of 150,000,000 shares in China Boon Holdings Limited (formerly known as Vision Tech International Holdings Limited), leaving our shareholding to only 10,000,000 shares. In August 2010, we have signed two agreements to dispose the companies holding the assets and business of consumer electronics. While disposing and scale-down the non-core business, the Group actively seized opportunities to broaden its revenue base. The Group has commenced the trading of petrochemical products in the third quarter of 2010 and in just two months' time, the Group had signed the contracts for the sale of petrochemical products of US\$100 million and the trading revenue will be recognized in the second half of 2010.

The continuous economic growth in China and the gradual stabilization of the global economy will lead to an increasing demand for natural resources and energy. The Group will continue to explore investment opportunities in the energy and natural resources industries and renewable energy that have earning potentials in order to transform the Company into energy conglomerate with growth potential. I believe that our oil and gas business will lead the Group into a high growth era and we are confident on the prospects of the Group.

Wong Chi Wing Joseph

Chairman and CEO

30 August 2010

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 report date, there are 5 wells in production,

Oil well	Status	Depth (m)	Date of production
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

	Six months ended		
	30 June		
	2010	2009	Change
	HK\$'000	HK\$'000	
Turnover	12,514	–	N/A
Segment loss	(18,662)	–	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 m³. 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		
	2010	2009	Change
	HK\$'000	HK\$'000	
Turnover	252,180	331,737	-23.98%
Segment profit/ (loss)	49,094	(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		
	2010	2009	Change
	HK\$'000	HK\$'000	
Turnover	35,649	45,563	-21.76%
Segment profit	620	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

8 Management Discussion and Analysis

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.

Condensed Consolidated Statement of Comprehensive Income

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:

		For the six months ended 30 June	
	Notes	2010	2009
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Continuing operations			
Revenue	3	300,343	341,208
Cost of sales		(289,111)	(321,446)
Gross profit		11,232	19,762
Other income		48,721	65,984
Distribution and selling expenses		(5,134)	(5,282)
Administrative expenses		(41,314)	(20,303)
Other expenses	4	(1,258)	(15,807)
Finance costs	5	(1,916)	(394)
Profit before taxation		10,331	43,960
Taxation charge	6	(1,500)	(86)
Profit for the period from continuing operations		8,831	43,874
Discontinued operation			
Profit for the period from discontinued operation		–	17,022
Profit for the period	7	8,831	60,896
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(1,847)	(509)
Other comprehensive (expenses) for the period		(1,847)	(509)
Total comprehensive income for the period		6,984	60,387
Profit for the period attributable to:			
Owners of the Company		8,831	78,685
Non-controlling interests		–	(17,789)
		8,831	60,896
Total comprehensive income attributable to:			
Owners of the Company		6,984	78,176
Non-controlling interests		–	(17,789)
		6,984	60,387
Earnings per share (Hong Kong cents)			
From continuing and discontinued operations			
– Basic	8	0.10	1.905
– Diluted		0.05	1.905
From continuing operations			
– Basic		0.10	1.512
– Diluted		0.05	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)
Non-current assets			
Exploration and evaluation of assets		3,810,136	3,810,136
Property, plant and equipment		285,275	171,978
Financial assets at fair value through profit or loss		2,947	2,947
Deferred tax assets		–	295
Other tax recoverables		65,672	39,912
		4,164,030	4,025,268
Current assets			
Inventories	10	37,674	–
Loan receivables		–	15,962
Trade and other receivables	11	199,929	260,504
Held for trading investments		68,800	148,412
Pledged bank deposits		26,333	22,624
Bank balances and cash		155,314	93,002
		488,050	540,504
Current liabilities			
Trade and other payables	12	146,855	221,733
Derivative financial instruments		5,563	8,009
Bank borrowings – amounts due within one year	13	138,483	99,962
Taxation payable		1,649	300
		292,550	330,004
Net current assets		195,500	210,500
Total assets less current liabilities		4,359,530	4,235,768
Non-current liabilities			
Promissory notes		127,480	252,280
Bank borrowings – amounts due after one year	13	916	3,453
Assets retirement obligation		–	3,150
		128,396	258,883
		4,231,134	3,976,885
Capital and reserves			
Share capital	14	110,138	76,936
Reserves		4,120,996	3,899,949
Equity attributable to owners of the Company		4,231,134	3,976,885

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	Share	Contributed		Translation reserve HK\$'000	Convertible		Retained profits HK\$'000	Share options		Non-controlling interest HK\$'000	
		repurchase reserve HK\$'000	Share premium HK\$'000	surplus reserve (Note) HK\$'000		Share options reserve HK\$'000	notes reserve HK\$'000		Sub-total HK\$'000	reserve of a subsidiary HK\$'000		
At 1 January 2009 (audited)	41,313	-	590,547	60,322	6,563	15,409	-	58,221	772,375	2,238	39,754	814,367
Exchange differences arising on translation of foreign operations, representing total income recognised directly in equity	-	-	-	-	(509)	-	-	-	(509)	-	-	(509)
Profit for the period	-	-	-	-	-	-	-	78,685	78,685	-	(17,789)	60,896
Total comprehensive income for the period	-	-	-	-	(509)	-	-	78,685	78,176	-	(17,789)	60,387
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(2,238)	(21,965)	(24,203)
Recognition of share-based payment expense	-	-	-	-	-	78	-	-	78	-	-	78
Balance at 30 June 2009 (unaudited)	41,313	-	590,547	60,322	6,054	15,487	-	136,906	850,629	-	-	850,629
Balance at 1 January 2010	76,936	-	1,401,554	60,322	(23)	15,518	2,326,356	96,222	3,976,885	-	-	3,976,885
Exchange differences arising on translation of foreign operations, representing total income recognised directly in equity	-	-	-	-	(1,847)	-	-	-	(1,847)	-	-	(1,847)
Profit for the period	-	-	-	-	-	-	-	8,831	8,831	-	-	8,831
Total comprehensive income for the period	-	-	-	-	(1,847)	-	-	8,831	6,984	-	-	6,984
Issue of new shares	13,900	-	240,470	-	-	-	-	-	254,370	-	-	254,370
Transaction costs attributable to issue of new shares	-	-	(6,718)	-	-	-	-	-	(6,718)	-	-	(6,718)
Conversion of convertible notes	19,512	-	456,585	-	-	-	(476,097)	-	-	-	-	-
Repurchase and cancellation	(210)	-	(2,096)	-	-	-	-	-	(2,306)	-	-	(2,306)
Recognition of share-based payment expense	-	-	-	-	-	2,872	-	-	2,872	-	-	2,872
Repurchase but not yet cancellation	-	(953)	-	-	-	-	-	-	(953)	-	-	(953)
At 30 June 2010 (unaudited)	110,138	(953)	2,089,795	60,322	(1,870)	18,390	1,850,259	105,053	4,231,134	-	-	4,231,134

Notes:

The contributed surplus reserve represents the credit arising from capital reduction.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash (used in) from operations	(62,582)	60,032
Hong Kong profits tax paid	(151)	(7,618)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(62,733)	52,414
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(123,791)	–
Proceeds from disposal of property, plant and equipment	735	242
Interest received	32	331
Additions of prepaid lease payments	–	10
Decrease in loan receivables	15,962	14,038
(Increase) Decrease in pledged bank deposits	(3,709)	17,115
Disposal of a subsidiary	–	73,075
Decrease (Increase) in held-for-trading investments	81,212	(6,900)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(29,559)	97,911
FINANCING ACTIVITIES		
Proceeds from issue of new shares	254,370	–
Expenses on issue of new shares	(6,718)	–
Net payment of bank borrowings	35,984	(140,900)
Net payment on repurchase of shares	(2,306)	–
Repayment of promissory notes	(124,800)	–
Interest paid	(1,916)	(3,964)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	154,614	(144,864)
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,322	5,461
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(10)	(509)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	93,002	99,388
CASH AND CASH EQUIVALENTS AT 30 JUNE	155,314	104,340
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	155,314	104,340

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)

	Metals sourcing and trading HK\$'000	Consumer electronics HK\$'000	Petroleum exploration and sales of oil and gas HK\$'000	Total HK\$'000
Continuing operations				
Segment revenue				
External sales	252,180	35,649	12,514	300,343
Result				
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

3. TURNOVER AND SEGMENTS INFORMATION – CONTINUED

Six months ended 30 June 2009 (unaudited)

	Metals sourcing and trading HK\$'000	Consumer electronics HK\$'000	Elimination HK\$'000	Total HK\$'000
Continuing operations				
Segment revenue				
External sales	295,645	45,563	–	341,208
Inter-segment sales	36,092	–	(36,092)	–
	331,737	45,563	(36,092)	341,208
Result				
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				43,874
Discontinuing operation				
Segment revenue				
External sales		1,773	125,195	126,968
Result				
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				17,022
Consolidated profit for the period				60,896

Notes to the Condensed Consolidated Interim Financial Statements

4. OTHER EXPENSES

	For the six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Continuing operations:		
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
	1,258	15,807

5. FINANCE COSTS

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

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:

	For the six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Continuing operations:		
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)

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:

	For the six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
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)	8,831	78,685

	2010 '000	2009 '000
Number of shares		
Weight average number of ordinary shares for the purpose of basic earnings per share	9,088,745	4,131,348
Effect of dilutive potential ordinary shares: Convertible notes	8,675,869	–
Weight average number of ordinary shares for the purpose of diluted earnings per share	17,764,614	4,131,348

	For the six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
From continuing operations		
Profit for the period attributable to owners of the Company	8,831	78,685
Less: profit for the period from discontinued operation	–	(17,022)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	8,831	61,663

Notes to the Condensed Consolidated Interim Financial Statements

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

11. TRADE AND OTHER RECEIVABLES

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

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

12. TRADE AND OTHER PAYABLES

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

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 30 June 2010 HK\$'000 (Unaudited)	At 31 December 2009 HK\$'000 (Audited)
0-30 days	75,204	132,668
31-60 days	9,682	7,830
61-90 days	2,193	2,103
91-120 days	64	–
	87,143	142,601

Notes to the Condensed Consolidated Interim Financial Statements

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
	139,399	103,415
Analysed as:		
Secured	113,503	80,413
Unsecured	25,896	23,002
	139,399	103,415
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
	139,399	103,415
Less: Amounts due within one year shown under current liabilities	(138,483)	(99,962)
	916	3,453

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	139,399	103,415

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 HK\$'000 (Unaudited)	At 31 December 2009 HK\$'000 (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
Authorised:		
Ordinary shares of HK\$0.01 each at 31 December 2009 and 30 June 2010	100,000,000,000	1,000,000
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 (note a)	1,390,000,000	13,900
Share repurchase and cancellation (note b)	(20,980,000)	(210)
Conversion of convertible notes (note c)	1,951,219,512	19,512
At 30 June 2010	11,013,851,496	110,138

- (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 The shares repurchased by the Company during the period and were cancelled.	20,980,000	0.121	0.100	2,306,098
June 2010 The shares repurchased by the Company during the period but not yet cancelled.	9,140,000	0.109	0.101	953,430

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2010, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Capacity	Number of shares/underlying shares held			% of issued share capital
		Personal Interests	Corporate Interests	Total	
Mr. Wong Chi Wing Joseph	Beneficial owner & Interest of controlled corporation	38,966,000	1,193,331,277	1,232,297,277	11.19%
			(Note 1)		
Mr. Chu Kwok Chi Robert	Beneficial owner	3,306,383	-	3,306,383	0.03%
Mr. Zhou Jacky	Beneficial owner	15,000,000	-	15,000,000	0.13%
Mr. Zhu Tiansheng	Beneficial owner	2,700,000	-	2,700,000	0.02%
Mr. Poon Kwok Shin Edmond	Beneficial owner	2,000,000	-	2,000,000	0.02%

Notes

- 1,190,000,000 Shares are held by Climax Associates Limited which is 71.83% owned by Rich Concept Worldwide Limited, a company wholly-owned by Mr. Wong Chi Wing Joseph, the Chairman and the CEO and 28.17% owned by Mr. Chu Kwok Chi Robert, an executive director. 3,331,277 Shares are held by Rich Concept Worldwide Limited.
- The calculation of percentages is based on 11,013,851,496 Shares of the Company in issue as at 30 June 2010.

Save as disclosed above, no Directors or Chief Executive have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required in the Listing Rules pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, according to the register of interests maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") and so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, other than the Directors and the chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interests in

such securities, together with particulars of any options in respect of such capital were as follows:

Name of Shareholder	Capacity	Long position/ short position	Number of shares/ underlying	% of issued share capital
			shares held	
Mr. Wu Shaozhang	Interest of a controlled corporation	Long position	1,254,800,275 (Note 1)	11.39%
City Smart International Investment Limited (Note 1 & 2)	Beneficial owner	Long position	564,068,568	5.12%
South America Petroleum Investment Holdings Limited (Note 1)	Interest of a controlled corporation	Long position	690,731,707	6.27%
TCL Peak Winner Investment Limited (Note 1 & 3)	Beneficial owner	Long position	690,731,707	6.27%
TCL Corporation	Beneficial owner	Long position	700,000,000	6.36%
Mr. Wong Chi Wing Joseph	Beneficial owner	Long position	38,966,000	0.35%
	Interest of a controlled corporation	Long position	1,193,331,277 (Note 4)	10.83%
Climax Associates Limited (Note 4)	Beneficial owner	Long position	1,190,000,000	10.80%
Rich Concept Worldwide Limited (Note 4)	Beneficial owner	Long position	3,331,277	0.03%
	Interest of a controlled corporation	Long position	1,190,000,000	10.80%

Notes

- 564,068,568 shares were held by City Smart International Investment Limited, a company beneficially wholly-owned by Mr. Wu Shaozhang. On 30 June 2010, South America Petroleum Investment Holdings Limited, a company beneficially wholly-owned by Mr. Wu Shaozhang, had signed an agreement with TCL Transportation Holdings Limited, a company beneficially wholly-owned by TCL Corporation, for the acquisition of the entire issued share capital of TCL Peak Winner Investment Limited. The assets held by TCL Peak Winner Investment Limited are 690,731,707 shares in the Company and HK\$674,777,600 convertible notes issued by the Company on 3 November 2009. The completion of the acquisition is expected to take place on/before 30 September 2010.
- This company also holds HK\$879,742,400 of the convertible notes issued by the Company on 3 November 2009.
- This company also holds HK\$674,777,600 of the convertible notes issued by the Company on 3 November 2009.
- 3,331,277 shares were held by Rich Concept Worldwide Limited, a company beneficially wholly-owned by Mr. Wong Chi Wing Joseph, the Chairman and CEO of the Company, and 1,190,000,000 shares were held by Climax Associates Limited, a company which is 71.83% owned by Rich Concept Worldwide Limited.
- The calculation of percentages is based on 11,013,851,496 Shares of the Company in issue as at 30 June 2010.

Saved as disclosed above, as at 30 June 2010, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, no persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or has any options in respect of such capital.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 6 November 2006 pursuant to an Ordinary Resolution passed at the Special General Meeting of the Shareholders held on 6 November 2006 for the purpose of providing incentives or rewards to selected employees and directors for their contribution to the Group.

Under the Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible vendors, customers, advisors and consultants to the Company and its subsidiaries at the discretion of the Board of Directors.

Other Information

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, Independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, Independent non-executive directors, or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be also approved by the Company's shareholders.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

As at 30 June 2010, the total number of shares available for issue under the Scheme was 153,000,000, representing 1.39% of the issued share capital of the Company on that date.

Details of the movements in the share options granted under the Scheme are as follows:

Grantee	Date of grant	Exercise price per share HK\$	Number of shares issuable under the options granted				Exercise period
			Outstanding as at 01.01.2010	Grant during the period	Lapsed/ cancelled during the period	Outstanding as at 30.06.2010	
Directors							
Mr. Zhou Jacky	10.02.2010	0.1564	-	5,000,000	(5,000,000)	-	10.02.2010 - 09.02.2013
	10.02.2010	0.1564	-	5,000,000	(5,000,000)	-	10.11.2010 - 09.02.2013
	10.02.2010	0.1564	-	5,000,000	(5,000,000)	-	10.08.2011 - 09.02.2013
	19.03.2010	0.1610	-	5,000,000	-	5,000,000	19.03.2010 - 09.02.2013
	19.03.2010	0.1610	-	5,000,000	-	5,000,000	10.11.2010 - 09.02.2013
	19.03.2010	0.1610	-	5,000,000	-	5,000,000	10.08.2011 - 09.02.2013
	19.03.2010	0.1610	-	5,000,000	-	5,000,000	10.08.2011 - 09.02.2013
Mr. Chu Tiansheng	10.02.2010	0.1564	-	900,000	(900,000)	-	10.02.2010 - 09.02.2013
	10.02.2010	0.1564	-	900,000	(900,000)	-	10.11.2010 - 09.02.2013
	10.02.2010	0.1564	-	900,000	(900,000)	-	10.08.2011 - 09.02.2013
	19.03.2010	0.1610	-	900,000	-	900,000	19.03.2010 - 09.02.2013
	19.03.2010	0.1610	-	900,000	-	900,000	10.11.2010 - 09.02.2013
	19.03.2010	0.1610	-	900,000	-	900,000	10.08.2011 - 09.02.2013
	19.03.2010	0.1610	-	900,000	-	900,000	10.08.2011 - 09.02.2013
Sub-total			-	35,400,000	(17,700,000)	17,700,000	
Employees							
	15.08.2007	0.6420	1,000,000	-	-	1,000,000	15.08.2008 - 15.08.2011
	15.08.2007	0.6420	1,000,000	-	-	1,000,000	15.08.2009 - 15.08.2011
	15.08.2007	0.6420	1,000,000	-	-	1,000,000	15.08.2010 - 15.08.2011
	10.02.2010	0.1564	-	23,999,995	-	23,999,995	10.02.2010 - 09.02.2013
	10.02.2010	0.1564	-	23,999,995	-	23,999,995	10.11.2010 - 09.02.2013
	10.02.2010	0.1564	-	24,000,010	-	24,000,010	10.08.2011 - 09.02.2013
Sub-total			3,000,000	72,000,000	-	75,000,000	

Grantee	Date of grant	Exercise price per share HK\$	Number of shares issuable under the options granted				Exercise period
			Outstanding as at 01.01.2010	Grant during the period	Lapsed/		
					cancelled during the period	Outstanding as at 30.06.2010	
Other participants	10.02.2010	0.1564	-	20,099,999	-	20,099,999	10.02.2010 - 09.02.2013
	10.02.2010	0.1564	-	20,099,999	-	20,099,999	10.11.2010 - 09.02.2013
	10.02.2010	0.1564	-	20,100,002	-	20,100,002	10.08.2011 - 09.02.2013
	29.03.2010	0.1586	-	21,018,000	(21,018,000)	-	29.03.2010 - 31.03.2013
	29.03.2010	0.1586	-	21,018,000	(21,018,000)	-	01.04.2011 - 31.03.2013
	29.03.2010	0.1586	-	21,018,000	(21,018,000)	-	01.04.2012 - 31.03.2013
Sub-total			-	123,354,000	(63,054,000)	60,300,000	
Grand total			3,000,000	230,754,000	(80,754,000)	153,000,000	

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:

Date	Number of Shares repurchased	Method of Shares repurchase	Prices per Share	
			Highest HK\$	Lowest HK\$
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.

BOARD OF DIRECTORS

As at the date of this report the Board comprises 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.

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

Hong Kong, 30 August 2010