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**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF FURTHER INTEREST IN
QINGYUAN JCCL EPI COPPER LIMITED**

Financial adviser to EPI (Holdings) Limited



On 11 August 2008 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor and Mr. Fan, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Share and the Sale Loan at the Consideration of HK\$25.0 million.

The principal assets of the Target Group is its 9% equity interest in JCCL EPI, a 51% owned subsidiary of the Group. Following Completion, the Group will hold in aggregate 60% equity interest in JCCL EPI.

The Vendor is wholly owned by Mr. Fan, who is a director of JCCL EPI. Accordingly, Mr. Fan and the Vendor are connected persons of the Group and the transactions contemplated under the Agreement constitute connected transaction for the Company under Chapter 14A of the Listing Rules. Further, based on the applicable percentage ratios calculated pursuant to the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information on the Acquisition, the advice of the independent financial adviser, the recommendation of the Independent Board Committee, the notice convening the SGM and a proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

THE AGREEMENT

Date:

11 August 2008

Parties:

Vendor: Create Wealth Investments Limited

Purchaser: EPI Metals Limited, a wholly-owned subsidiary of the Company

Guarantor: Mr. Fan

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, the principal business activities of the Vendor are investment holdings. The Vendor is wholly owned by Mr. Fan, who has guaranteed the performance of the Vendor under the Agreement.

There was no previous transaction between the Group and the Vendor, and between the Group and Mr. Fan, which may require aggregation under Rule 14A.25 of the Listing Rules.

Assets to be acquired

1. the Sale Share, representing the entire issued share capital of the Target Company; and
2. the Sale Loan, being the entire shareholder's loan and other indebtedness owed by the Target Group to the Vendor as at Completion. As at 31 December 2007, the Sale Loan amounted to approximately HK\$8.6 million.

The principal assets of the Target Group is its 9% equity interest in JCCL EPI, which is a 51% owned subsidiary of the Group. JCCL EPI is principally engaged in copper smelting and production of copper anode.

Consideration

The Consideration of HK\$25.0 million will be payable by cash by the Purchaser to the Vendor upon Completion.

The Consideration was determined after arms length negotiation between the Purchaser and the Vendor based on (i) the historical price-to-earnings ratio of approximately 3.6 times based on 9% share of the annualised net profit after tax of JCCL EPI for the period from 6 June 2007 (date of commencement of formal operation) to 31 December 2007 of approximately RMB25.5 million (equivalent to approximately HK\$29.0 million); and (ii) the face value of the Sale Loan of approximately HK\$8.6 million as at 31 December 2007.

The Directors (excluding the independent non-executive Directors whose view is subject to the advice from the independent financial adviser) consider that using historical price-to-earnings ratio as one of the bases of Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole, as copper smelting and production of copper anode are not capital intensive business, therefore the value of JCCL EPI should be based on its earning ability instead of the value of its tangible assets. The Consideration will be financed by the Group's internal resources.

Conditions Precedent

Completion is conditional upon the following conditions being satisfied:

- (a) the Vendor's warranties as set out in the Agreement remaining true and accurate, and not misleading, in all material respects as at Completion;
- (b) the Vendor having delivered a legal opinion issued by a PRC legal adviser acceptable to the Purchaser (acting reasonably) in respect of Silver Luck's equity interest in JCCL EPI, in both form and substance satisfactory to the Purchaser (acting reasonably);
- (c) the Vendor having delivered a legal opinion (subject to the usual assumptions and qualifications) issued by a firm of lawyers practicing the laws of the British Virgin Islands and dated not earlier than 7 days before the Completion Date, confirming that the Vendor and the Target Company are both validly existing under the laws of the BVI and in good standing, that the Vendor has the full power and authority to enter into the Agreement and to execute the instrument of transfer and the Deed of Assignment, and that the Agreement, the instrument of transfer and the Deed of Assignment when executed constitutes legal and binding obligations on the Vendor;
- (d) approval by the Shareholders (or Independent Shareholders, if required) of the Agreement and the transactions contemplated thereunder, (if required) at a general meeting, in compliance with the requirements of the Listing Rules; and
- (e) all other relevant requirements under the Listing Rules and/or all necessary approvals and processes of the relevant authorities for the enter into and implementation of the Agreement and the transactions contemplated thereunder have been fulfilled, obtained and/or complied with by the Purchaser and/or its holding companies.

The Purchaser may at its absolute discretion at any time waive the above conditions (other than conditions (d) and (e)) by written notice to the Vendor. Neither the Vendor nor the Purchaser may waive conditions (d) and (e). In the event that any of the conditions is not fulfilled (or waived) on or before 31 October 2008 (or such later date as may be agreed by the parties in writing) and/or the condition (a) does not remain fulfilled (and is not waived by the Purchaser) on the Completion Date, all rights, obligations and liabilities of the parties to the Agreement shall cease and determine and none of the parties shall have any claim against the other save and except for rights and liabilities which have accrued prior to termination.

Completion

Subject to fulfillment of the conditions precedent of the Agreement, Completion shall take place on the third Business Day after the date on which the last of the conditions precedent is fulfilled (or waived), or such other date as the parties to the Agreement may agree in writing prior to Completion.

INFORMATION ON THE TARGET GROUP

The Target Company and Silver Luck are principally engaged in investment holdings and were incorporated on 19 April 2007 and 13 April 2007 respectively. Save for the investment in JCCL EPI and the Sale Loan, the Target Group does not engage in any significant business activities since incorporation and does not have any significant assets and liabilities. For the period from 19 April 2007 (date of incorporation of the Target Company) to 30 June 2008, the Target Group recorded an unaudited loss both before and after taxation of HK\$19,637. As at 30 June 2008, the Target Group had an unaudited net liabilities of approximately HK\$19,629.

JCCL EPI is a 51% owned subsidiary of the Group and was established by the Purchaser, Jiangxi Copper Company Limited and 清遠市同德電器實業有限公司 (Qingyuan Tongde Electric Industrial Co. Ltd.), a company controlled by Mr. Fan. Qingyuan Tongde Electric Industrial Co. Ltd. owned a 9% equity interest in JCCL EPI before it transferred such interest to Silver Luck in January 2008 at historical cost. The investment cost of such interest in JCCL EPI of Qingyuan Tongde Electric Industrial Co. Ltd. was RMB8.1 million (equivalent to approximately HK\$9.2 million).

JCCL EPI is principally engaged in copper smelting and production of copper anode. For the year ended 31 December 2007, JCCL EPI recorded audited profit before and after tax both of approximately RMB26.7 million (equivalent to approximately HK\$30.3 million) based on Hong Kong Financial Reporting Standards. Prior to that, JCCL EPI did not generate any revenue and did not incur any expense. As at 31 December 2007, JCCL EPI had an audited net assets value of approximately RMB116.7 million (equivalent to approximately HK\$132.6 million) based on Hong Kong Financial Reporting Standards.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in sourcing and trading of non-ferrous metals and audio-visual products, and through JCCL EPI, engaged in copper smelting and production of copper anode.

As at the date of this announcement, JCCL EPI is owned as to (i) 51% by the Group, (ii) 40% by Jiangxi Copper Company Limited, and (iii) 9% by Silver Luck. Following Completion, the Company will hold in aggregate a 60% equity interest in JCCL EPI, which will continue to be consolidated into the Group's financial statement. The Company is optimistic towards the prospects of JCCL EPI and considers that the increase in interest in JCCL EPI will contribute towards further earning capabilities of the Group.

The Directors (excluding the independent non-executive Directors whose view is subject to the advice from the independent financial adviser) consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is wholly owned by Mr. Fan, who is a director of JCCL EPI. Accordingly, Mr. Fan and the Vendor are connected persons of the Group and the transactions contemplated under the Agreement constitute connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the terms of the Agreement and the transactions contemplated thereunder are subject to, among other things, approval by the Independent Shareholders on the SGM. Further, based on the applicable percentage ratios calculated pursuant to the Listing Rules, the Acquisition also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder. As none of the independent non-executive Directors has material interest in the Acquisition, all of them are eligible for acting as members of the Independent Board Committee. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As confirmed by the Vendor, neither itself nor its associates (including Mr. Fan) are interested in any Shares. Accordingly, none of the Shareholders has an interest in the Agreement which is different from other Shareholders and thus none of the Shareholders is required to abstain from voting at the SGM.

GENERAL

A circular containing, among other things, further information on the Acquisition, the advice of the independent financial adviser, the recommendation of the Independent Board Committee, the notice convening the SGM and a proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

DEFINITION

“Acquisition”	The acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement entered into among the Purchaser, the Vendor and Mr. Fan on 11 August 2008 in relation to the Acquisition
“associate”	has the meaning ascribed to it under the Listing Rules
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange

“Completion”	completion of the sale and purchase of the Sale Share and assignment of the Sale Loan
“Completion Date”	date of Completion
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Deed of Assignment”	the deed of assignment to be entered into between the Purchaser and the Vendor for the assignment of the Sale Loan by the Vendor to the Purchaser (or its nominee(s))
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company formed by all independent non-executive Directors to advise the Independent Shareholders on the terms of Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM
“JCCL EPI”	清遠江銅長盈銅業有限公司 (Qingyuan JCCL EPI Copper Limited), an equity joint venture company incorporated in the PRC with limited liability and is owned as to 51% by the Group, 40% by Jiangxi Copper Company Limited and 9% by Silver Luck as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fan”	Mr. Fan Jixun
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong
“Purchaser”	EPI Metals Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Share”	all share(s) in the issued and fully paid up ordinary share capital of the Target Company as at the date of the Agreement and at Completion
“Sale Loan”	being the entire shareholder’s loan owed by the Target Group to the Vendor as at Completion, which is unsecured, interest free and without any fixed repayment date
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the shares of HK\$0.01 each in the share capital of the Company
“Silver Luck”	Silver Luck Holdings Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Big Base Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiary. As at the date of this announcement, the Target Company has no subsidiary other than Silver Luck
“Vendor”	Create Wealth Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Fan

For and on behalf of
EPI (Holdings) Limited
Wong Chi Wing, Joseph
Chairman

Hong Kong, 11 August 2008

For illustration purposes, an exchange rate of HK\$1.00 to RMB0.88 has been adopted in this announcement.

As at the date of this announcement, the Board comprises of three executive Directors, namely, Mr. Wong Chi Wing, Joseph, Mr. Cheng Hairong and Mr. Chu Kwok Chi, Robert, one non-executive Director, namely Mr. Leung Hon Chuen and two independent non-executive Directors, namely, Mr. Xu Mingshe and Mr. Poon Kwok Shin, Edmond.

** For identification purpose only*