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EPI **EPI (Holdings) Limited**
長盈集團(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 689)

**PROPOSED INVESTMENT IN A JOINT VENTURE COMPANY
AND
RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

On 22 May 2007, the Company and the JV Partner entered into the Agreement, pursuant to which, the JV Parties have conditionally agreed to invest in JVCO. It is intended that the Company will invest in JVCO by way of contribution of cash for 25% interest in the equity of JVCO, while the JV Partner will invest in JVCO by way of injecting the Injected Assets for 75% interest in the equity of JVCO.

The Injected Assets consist of the entire interests in three PRC companies. Each of these three companies is principally engaged in holding and operating mines in the PRC. The assets of JVCO may also include 銅綠山礦 (Tong Lu Shan Mine), which is owned as to 66.46% by the JV Partner and 33.54% by the Third Party (as defined below) as at the date of the Agreement, subject to the consents from the Third Party. Net assets value of the Injected Assets and 66.46% 銅綠山礦 are estimated to be approximately RMB1,500,000,000 (equivalent to approximately HK\$1,530,612,245), subject to Due Diligence Review. On such basis, the expected contribution by the Company will be approximately RMB500,000,000 (equivalent to approximately HK\$510,204,082). The committed contribution by the Company is expected to be financed by bank financing, internal resources of the Group and/or equity financing. The Directors are of the view that it is beneficial for the Group to invest in JVCO as JVCO can generate return to the Shareholders immediate upon Formation.

The Proposed Investment will be subject to the completion of the Due Diligence Review by the JV Parties and the approval by the relevant PRC authorities and, if materialised, is expected to constitute a very substantial acquisition of the Company based on the current financial position of the Company. Further announcement in relation to the Formation (including the entering into of the definitive Joint Venture Documents) will be made as and when appropriate and in accordance with the Listing Rules.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 22 May 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 23 May 2007.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 18 May 2007, in relation to, among other things, the proposed investment in non-ferrous metals related business in the PRC. On 22 May 2007, the Agreement regarding the Proposed Investment has been entered into between the Company and the JV Partner.

THE AGREEMENT

Date:

22 May 2007

Parties:

- (i) the Company
- (ii) 大冶有色金屬公司 (Daye Nonferrous Metals Company)

The Directors confirm that to the best of their knowledge, information and belief, and having made all reasonable enquiries, the JV Partner and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

JVCO

Subject to the Joint Venture Documents, the Company intends to invest in JVCO by way of contribution of cash for 25% interest in the equity of JVCO, while the JV Partner intends to invest in JVCO by way of injecting the Injected Assets for 75% net assets value of the interest in the equity of JVCO. The equity of JVCO is expected to be based on approximately 133.33% of the Injected Assets and 銅綠山礦 (Tong Lu Shan Mine), if appropriate, on the date of payment of the JV Partner's and/or the Third Party's (as defined below) share of the capital commitment. Timing as to the payment of the committed amount will be set forth in the Joint Venture Documents. As detailed below, the assets of JVCO may also include Tong Lu Shan Mine, which is owned as to 66.46% by the JV Partner and 33.54% by the Third Party as at the date of the Agreement, subject to the consents from the Third Party. Based on the unaudited management account as at 31 December 2006 (prepared based on Generally Accepted Accounting Principles of the PRC), net assets value of the Injected Assets and 66.46% Tong Lu Shan Mine are estimated to be approximately RMB1,500,000,000 (equivalent to approximately HK\$1,530,612,245, subject to Due Diligence Review. On such basis, the expected contribution by the Company will be approximately RMB500,000,000 (equivalent to approximately HK\$510,204,082).

The Company is expected to finance the committed contribution as to approximately HK\$250,000,000 by bank financing and the balance by internal resources of the Group and/or equity financing.

Upon Formation, JVCO is expected to be owned as to 25% by the Company and 75% by the JV Partner.

The Company will use its best endeavors to list the shares of JVCO on the Stock Exchange or other stock exchanges. Professional parties will be engaged by JVCO to conduct relevant activities to list the shares of JVCO on the Stock Exchange or other stock exchanges. Upon listing, it is intended that JVCO will apply the listing proceeds to acquire other assets (the "Other Assets"), including other mines and smelting plants and other related business of the JV Partner. It is the intention of the JV Parties to list the shares of JVCO on the Stock Exchange or other stock exchanges (with or without the injection of Tong Lu Shan Mine, subject to Due Diligence Review). The Company does not intend to acquire the Other Assets from the JV Partner directly.

The JV Partner guarantees that, unless the Agreement is terminated by the Company in writing, until the Joint Venture Documents are entered into by the JV Parties or upon failure to perform under the Agreement by the JV Parties, the JV Partner cannot enter into any negotiations, transfers, agreements or co-operations with any other parties in respect of the Injected Assets, Tong Lu Shan Mine, or JVCO.

Injected Assets

The Injected Assets consist of the entire interests of three PRC companies, namely 豐山公司 (Feng Shan Co. Limited), 鑫泰公司 (Xin Tai Co. Limited) and 鑫馬公司 (Xin Ma Co. Limited). Each of these three companies is principally engaged in holding and operating mines in the PRC. The JV Partner also has 66.46% interest in a mine, namely Tong Lu Shan Mine. The balance of the 33.54% interest in Tong Lu Shan Mine is owned by a third party (the "Third Party") independent of the Company, connected persons of the Company and the JV Partner. The assets included in the Injected Assets and Tong Lu Shan Mine include the land use rights, immovable properties, mining rights, exploration rights, exploration facilities and equipments.

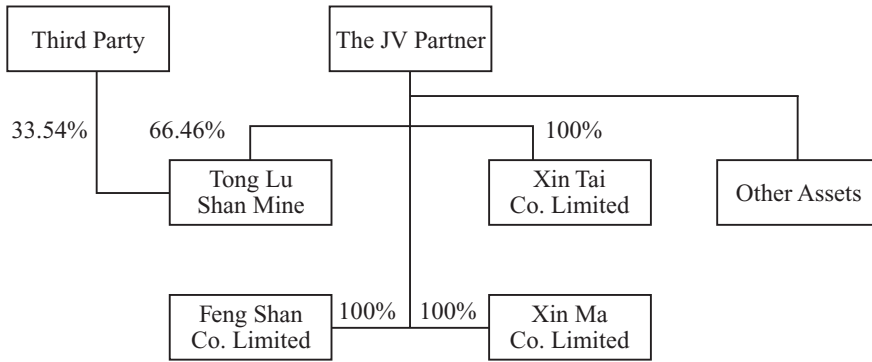
The Company will invest in JVCO by way of contribution of cash to JVCO, while the JV Partner will invest in JVCO by way of injecting the Injected Assets. The JV Partner will use its best endeavors to procure the Third Party to invest in JVCO by way of injection of its 33.54% interest in Tong Lu Shan Mine to JVCO. In such event, the Company will further contribute additional capital to JVCO at 25% of the net assets value of Tong Lu Shan Mine and the JV Partner will further contribute its 66.46% interest in Tong Lu Shan Mine to JVCO. Under such scenario, the enlarged JVCO will be owned as to not more than 25% by the Company, not less than 67% by the JV Partner and not more than 8% by the Third Party.

In the event that the Third Party refused to contribute its 33.54% interest in Tong Lu Shan Mine to JVCO, the JV Partner will use its best endeavors to obtain the consents of the Third Party for the JV Partner to contribute its 66.46% interest in Tong Lu Shan Mine into JVCO. The Company would contribute an additional capital in the amount of 25% of 66.46% of the net assets value of Tong Lu Shan Mine to JVCO.

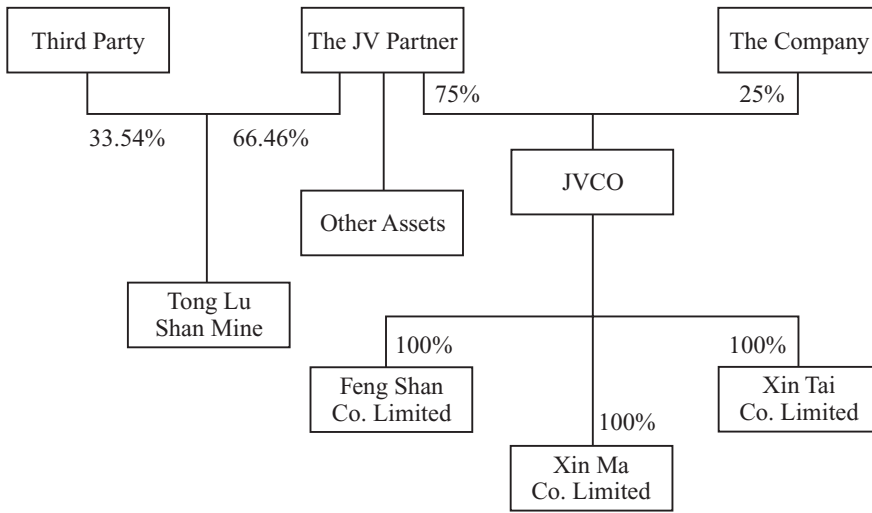
It is the intention of the JV Parties that they will proceed the Proposed Investment (with or without the injection of Tong Lu Shan Mine, subject to Due Diligence Review).

Set out below is the simplified group chart showing the structure of the Injected Assets immediate before and immediate after Formation:

Immediately before Formation

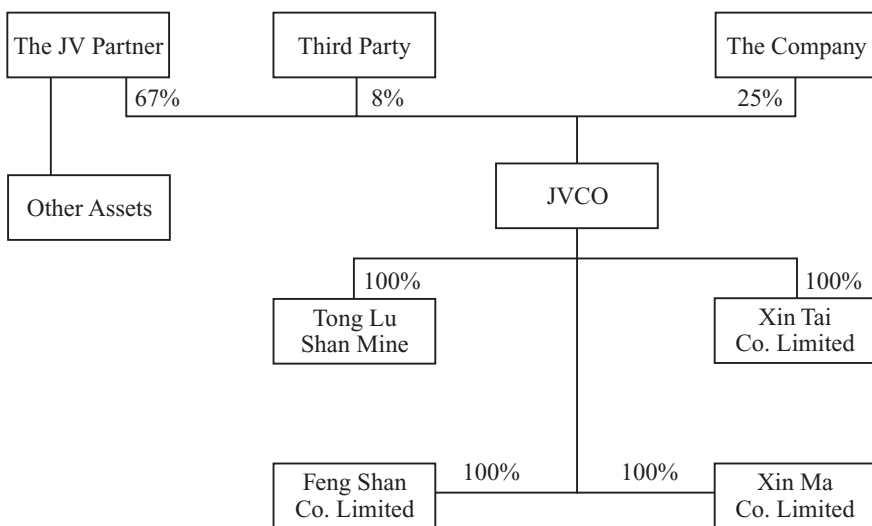


Immediately after Formation (but before the contribution of the equity interest in Tong Lu Shan Mine by the JV Partner and the Third Party)



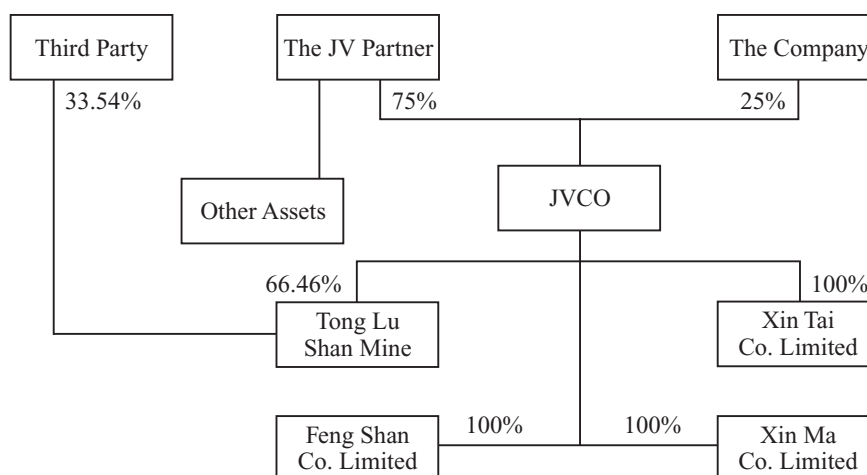
Scenario one

Immediately after Formation (assume the Third Party will invest its 33.54% equity interests in Tong Lu Shan Mine to JVCO)



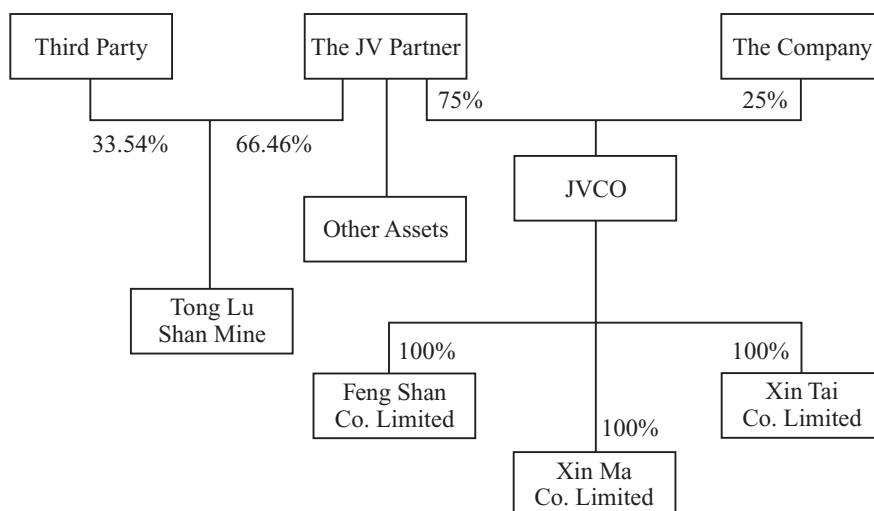
Scenario two

Immediately after Formation (assume the Third Party will not invest its 33.54% equity interest in Tong Lu Shan Mine to JVCO, but will give its consent to the JV Partner to invest its 66.46% interest in Tong Lu Shan Mine to JVCO)



Scenario three

Immediately after Formation (assume the Third Party will not invest its 33.54% equity interests in Tong Lu Shan Mine to JVCO and will not give its consent for the JV Partner to invest its 66.46% interest in Tong Lu Shan Mine to JVCO)



Set out below are the reserves of the three mines of the Injected Assets and Tong Lu Shan Mine as provided by the JV Partner:

	Copper <i>tonne</i>	Gold <i>kilo-gram</i>	Reserves Silver <i>kilo-gram</i>	Molybdenum <i>tonne</i>	Iron ore <i>kilo-tonne</i>
Total	<u>787,374</u>	<u>29,564</u>	<u>455,726</u>	<u>13,021</u>	<u>19,602</u>

The current copper production capacity of the three mines of the Injected Assets and Tong Lu Shan Mine are approximately 20,000 tonnes per annum. While the production costs of the mines of the Injected Assets and Tong Lu Shan Mine are approximately RMB23,000 (equivalent to approximately HK\$23,469) per tonne.

A technical adviser will be appointed by the Company to perform a due diligence on the mines of the Injected Assets and Tong Lu Shan Mine. In the event that there are significant short fall between the figures as determined by such technical adviser and those provided by the JV Partner, the JV Parties have the rights to re-negotiate the terms of the co-operations.

INFORMATION ON THE JV PARTNER

Commenced its operations in 1953, The JV Partner is a “State-owned Enterprise” and is one of the top five copper mining and milling company in the PRC with a base in Hubei province in the PRC. It is principally engaged in the mining, milling, smelting, exploration and sales and production of non-ferrous metals, including copper blister, copper anodes, copper concentrates, copper sulfide, gold, silver and sulfuric acids, phosphorus, iron concentrates, sulfuric concentrates and etc.

REASONS FOR AND BENEFITS OF THE PROPOSED INVESTMENT

The Group is principally engaged in (i) non-ferrous metal business; and (ii) the sale and marketing of consumer electronic products. As set out in the Company’s 2006 annual report, the Group has diversifying its business to non-ferrous metals business after the completion of the restructuring proposal in 2006. The Directors are of the view that it is beneficial for the Group to invest in JVCO as JVCO can generate return to the Shareholders immediate upon Formation.

GENERAL

The Proposed Investment will be subject to the completion of the Due Diligence Review by the JV Parties and the approval by the relevant PRC authorities being obtained and, if materialised, is expected to constitute a very substantial acquisition of the Company based on the current financial position of the Company. The Due Diligence Review and such PRC approval are expected to be completed, obtained within 5 months from the date of the Agreement. Further announcement in relation to the Formation (including the entering into of the definitive Joint Venture Documents) will be made as and when appropriate and in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 22 May 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 23 May 2007.

DEFINITION

“Agreement”	the framework agreement entered into between the Company and the JV Partner on 22 May 2007 in relation to the Formation, which is legally binding
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Due Diligence Review”	due diligence review to be conducted by the JV Parties, including but not limited to a technical report to be produced by a technical adviser to be appointed by the JV Parties
“Formation”	the formation of JVCO pursuant to the Agreement, subject to, among other things, the entering into of the Joint Venture Documents
“Group”	the Company and its subsidiaries
“Injected Assets”	collectively, entire interests of three PRC companies, namely 豐山公司 (Feng Shan Co. Limited), 鑫泰公司 (Xin Tai Co. Limited) and 鑫馬公司 (Xin Ma Co. Limited)

“Joint Venture Documents”	collectively, the capital increase agreement, the definitive joint venture agreement and the articles of association of JVCO, to be entered into between the JV Parties in relation to the Formation
“JVCO”	the sino-foreign joint venture company to be formed by the JV Parties pursuant to the Agreement
“JV Partner”	大冶有色金屬公司 (Daye Nonferrous Metals Company), a company established in the PRC with limited liabilities
“JV Parties”	collectively, the Company and the JV Partner
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Proposed Investment”	the proposed contribution of 25% interest in the equity of JVCO by the Company pursuant to the Agreement
“Shares”	the shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 22 May 2007

For illustration purposes, an exchange rate of HK\$1.00 to RMB0.98 has been adopted in this announcement.

If there is any inconsistency between the Chinese names of PRC entities mentioned in this announcement and their English translations, the Chinese version shall prevail.

As at the date of this announcement, the Board comprises 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 three independent non-executive Directors, namely, Mr. Xu Mingshe, Mr. Wu Xiaoke and Mr. Poon Kwok Shin, Edmond.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.