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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)

**MAJOR TRANSACTION
IN RELATION TO
FORMATION OF A JOINT VENTURE COMPANY
WITH JIANGXI COPPER AND CYTD
AND
RESUMPTION OF TRADING**

On 26 November 2006, EPI Metals, a wholly owned subsidiary of the Company, entered into the JV Agreement with Jiangxi Copper and CYTD to form Jiangxi Copper EPI. Upon Completion, Jiangxi Copper EPI will be owned as to 51% by EPI Metals, 40% by Jiangxi Copper and 9% by CYTD. The registered capital of Jiangxi Copper EPI will be RMB90.0 million (equivalent to approximately HK\$88.7 million).

Jiangxi Copper EPI will be engaged in the production and sales of copper anodes. The Directors are of the view that Jiangxi Copper EPI will be a platform for the Group to diversify into and capture the prospects from the fast growing non-ferrous metal business sector.

It is intended that Jiangxi Copper EPI will supply copper anodes to Jiangxi Copper. Jiangxi Copper will be a substantial shareholder of Jiangxi Copper EPI and accordingly a connected person of the Company upon Completion. The supply of copper anodes to Jiangxi Copper by Jiangxi Copper EPI will therefore constitute continuing connected transaction for the Company under the Listing Rules. Further information in relation to the supply of copper anodes to Jiangxi Copper by Jiangxi Copper EPI will be included in a separate announcement and the circular to be dispatched to the Shareholders in accordance with the requirements of the Listing Rules.

Based on the registered capital of Jiangxi Copper EPI of RMB90.0 million (equivalent to approximately HK\$88.7 million), the Formation constitutes a major transaction for the Company and would normally require Shareholders' approval at a general meeting of the Company under the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) a written Shareholders' approval has been obtained from a Shareholder who holds more than 50% in the issued share capital of the Company; and (ii) no Shareholder is required to abstain from voting at the general meeting of the Company to approve the Formation, a written Shareholders' approval can be accepted in lieu of holding a general meeting of the Company for Shareholders to approve the Formation. Climax Associates Limited, who is holding 2,271,250,000 Shares, representing 75% of the issued share capital of the Company as at the date of this announcement, intends to provide a written approval in respect of the Formation to the Company and no Shareholder would be required to abstain from voting at a general meeting of the Company to approve the Formation. Accordingly, under Rule 14.44 of the Listing Rules, a written approval will be provided by Climax Associates Limited in lieu of holding a general meeting of the Company to approve the Formation.

A circular containing, among other things, further information on the Formation and, if applicable, the continuing connected transaction in relation to the supply of copper anodes to Jiangxi Copper by Jiangxi Copper EPI will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 27 November 2006 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 28 November 2006.

Reference is made to the announcement of the Company dated 22 November 2006 in relation to the negotiation with a leading copper producer in the PRC for a possible formation of a joint venture company. The Directors are pleased to announce that the JV Agreement was entered into between EPI Metals, a wholly owned subsidiary of the Company, Jiangxi Copper and CYTD on 26 November 2006, in relation to formation of Jiangxi Copper EPI.

THE JV AGREEMENT

Date:

26 November 2006

Parties:

- (i) EPI Metals, a wholly owned subsidiary of the Company
- (ii) Jiangxi Copper
- (iii) CYTD

The Directors confirm that to the best of their knowledge, information and belief, and having made all reasonable enquiries, save for their respective proposed interests in the JV Agreement, each of Jiangxi Copper, CYTD and the ultimate beneficial owners of CYTD are third parties independent of the Company and its connected persons. Save for their respective proposed investments in Jiangxi Copper EPI, neither Jiangxi Copper nor CYTD have any prior business relationship and/or transaction with the Group.

Jiangxi Copper EPI

江銅長盈(清遠)銅業有限公司 (Jiangxi Copper EPI (Qingyuan) Limited), an equity joint venture company to be formed and incorporated in Qingyuan province of the PRC with limited liability.

Business scope

Jiangxi Copper EPI will be engaged in the production and sales of copper anodes.

Registered capital and capital contribution

The registered capital of Jiangxi Copper EPI will be RMB90.0 million (equivalent to approximately HK\$88.7 million). Each of EPI Metals, Jiangxi Copper and CYTD will contribute respectively RMB45.9 million (equivalent to approximately HK\$45.2 million), RMB36.0 million (equivalent to approximately HK\$35.5 million) and RMB8.1 million (equivalent to approximately HK\$8.0 million), being their shares of the registered capital of Jiangxi Copper EPI, in cash. Upon Completion, it will be owned as to 51% by EPI Metals, 40% by Jiangxi Copper and 9% by CYTD. Any future increase in the registered capital will be contributed by the JV Parties in proportion to their respective equity interests in Jiangxi Copper EPI.

The total investment amount of Jiangxi Copper EPI is RMB180.0 million (equivalent to approximately HK\$177.3 million). As at the date of this announcement, none of the JV Parties are committed to contribute the difference between the total investment amount and the registered capital of Jiangxi Copper EPI.

Each of the JV Parties is required to contribute 20% of its share of the registered capital within 10 days after the business licence of Jiangxi Copper EPI has been issued and the balance within three months after the business licence of Jiangxi Copper EPI has been issued. The expected date of issue of the business licence of Jiangxi Copper EPI is 15 working days after the despatch of the circular to the Shareholders in relation to the Formation.

The capital contribution of RMB45.9 million (equivalent to approximately HK\$45.2 million) by EPI Metals will be financed by internal resources of the Group.

Term

Jiangxi Copper EPI will have a term of 15 years from the date of issue of its business licence. The term of Jiangxi Copper EPI may be extended by the JV Parties with the approval of the relevant PRC government authorities.

Board composition

The JV Board will comprise of 5 directors, 3 of whom will be appointed by EPI Metals and 2 of whom will be appointed by Jiangxi Copper. The chairman of the JV Board will be appointed by Jiangxi Copper.

Profit and loss sharing

The JV Parties will be entitled to share the profits and will bear the losses of Jiangxi Copper EPI in proportion to their respective equity interests in Jiangxi Copper EPI.

Transfer of equity interests

Each of the JV Parties may transfer its equity interests in Jiangxi Copper EPI, in whole or in part, subject to the pre-emption rights of other JV Parties and after obtaining all the necessary approvals from the relevant PRC government authorities.

Competing interests

During the term of Jiangxi Copper EPI, each of the JV Parties undertakes that each of them (including companies within their respective groups) shall not engage in the production of copper anode in Guangdong province in the PRC on their own or jointly with any other JV Parties or any other third party other than through Jiangxi Copper EPI.

Conditions precedents

Completion shall be conditional upon the following conditions being fulfilled:

- (i) all relevant rules of the stock exchanges and/or all necessary approvals and processes of the relevant authorities for the Formation has been obtained and complied with by the Company and/or Jiangxi Copper; and
- (ii) the approval of the relevant PRC governmental authorities in relation to the JV Agreement has been obtained.

Each of the JV Parties shall use their respective best endeavours to procure the satisfaction of all of the above conditions. None of the JV Parties have the right to waive any of the above conditions precedents. In the event that any of the above conditions have not been fulfilled within 3 months from the date of the JV Agreement (or such later date as is otherwise agreed by the JV Parties), each of the JV Parties are entitled to terminate the JV Agreement.

INFORMATION ON JIANGXI COPPER

Based on the annual report of Jiangxi Copper for the year ended 31 December 2005, Jiangxi Copper is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining to produce copper cathode and other related products, including pyrite concentrates, sulphuric acid and electrolytic gold and silver. It also provides smelting and refining services pursuant to tolling arrangements for customers.

INFORMATION ON CYTD

Developed in 1998, CYTD is currently principally engaged in (i) trading metals (including (a) acquiring scrap metals both from overseas and local markets; (b) contracting the scrap metals reprocessing work to local factories; and (c) selling the refined metals to local customers as raw materials); and (ii) exporting home appliances and consumer electronic products, such as air conditioners, televisions and refrigerators.

FINANCIAL EFFECT OF THE FORMATION

Upon Completion, EPI Metals will have control on the JV Board and Jiangxi Copper EPI will become a 51% owned subsidiary of the Group, the results of which will be consolidated into the Group's financial statements. The Directors consider that the entering into of the JV Agreement will enlarge the earnings base of the Group but the magnitude of such impact will depend on the future performance of Jiangxi Copper EPI.

REASONS FOR THE FORMATION

The Group is principally engaged in the sale and marketing of consumer electronic products including television sets, DVD players and home theatre systems. The Directors are of the view that Jiangxi Copper EPI will be a platform for the Group to diversify into and capture the prospects from the fast growing non-ferrous metal business sector.

The Group has recruited two management staff with more than 15 years of experience in metal trading business to handle the new business. The Group has no intention to discontinue its existing business.

The terms of the JV Agreement have been agreed after arm's length negotiations among the JV Parties. The Directors consider that the JV Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

It is intended that Jiangxi Copper EPI will sell all of its products to Jiangxi Copper as the products are expected to be produced according to the required specifications of Jiangxi Copper and such sales will be based on the market prices of the products. Jiangxi Copper will be a substantial shareholder of Jiangxi Copper EPI and accordingly a connected person of the Company upon Completion. The supply of copper anodes to Jiangxi Copper by Jiangxi Copper EPI will therefore constitute continuing connected transaction for the Company under the Listing Rules. Further information in relation to the supply of copper anodes to Jiangxi Copper by Jiangxi Copper EPI will be included in a separate announcement and the circular to be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

GENERAL

Based on the registered capital of Jiangxi Copper EPI of RMB90.0 million (equivalent to approximately HK\$88.7 million), the Formation constitutes a major transaction for the Company and would normally require Shareholders' approval at a general meeting of the Company under the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) a written Shareholders' approval has been obtained from a Shareholder who holds more than 50% in the issued share capital of the Company; and (ii) no Shareholder is required to abstain from voting at the general meeting of the Company to approve the Formation, a written Shareholders' approval can be accepted in lieu of holding a general meeting of the Company for Shareholders to approve the Formation. Climax Associates Limited, who is holding 2,271,250,000 Shares, representing 75% of the issued share capital of the Company as at the date of this announcement, intends to provide a written approval in respect of the Formation to the Company and no Shareholder would be required to abstain from voting at a general meeting of the Company to approve the Formation. Accordingly, under Rule 14.44 of the Listing Rules, a written approval will be provided by Climax Associates Limited in lieu of holding a general meeting of the Company to approve the Formation.

A circular containing, among other things, further information on the Formation and, if applicable, the continuing connected transaction in relation to the supply of copper anodes to Jiangxi Copper by Jiangxi Copper EPI will be despatched to the Shareholders in accordance with the requirements of 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 27 November 2006 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 28 November 2006.

DEFINITIONS

“Board”	the board of Directors
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the establishment of Jiangxi Copper EPI after the conditions precedents to the JV Agreement have been fulfilled
“connected person”	has the meaning ascribed to it under the Listing Rules
“CYTD”	清遠市同德電器實業有限公司 (Qingyuan Tongde Electric Industrial Co. Ltd.), a company incorporated in the PRC with limited liability
“Directors”	directors of the Company
“EPI Metals”	EPI Metals Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Formation”	the formation of Jiangxi Copper EPI pursuant to the JV Agreement
“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
“Jiangxi Copper”	Jiangxi Copper Company Limited, a sino-foreign joint venture joint stock limited company incorporated in the PRC, the H shares of which are listed on the Stock Exchange
“JV Agreement”	the joint venture agreement entered into among the JV Parties on 26 November 2006 regarding the Formation
“JV Board”	the board of directors of Jiangxi Copper EPI
“Jiangxi Copper EPI”	江銅長盈(清遠)銅業有限公司 (Jiangxi Copper EPI (Qingyuan) Limited), an equity joint venture company to be formed and incorporated in the PRC with limited liability
“JV Parties”	collectively EPI Metals, Jiangxi Copper and CYTD
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent

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

Hong Kong, 27 November 2006

* *For identification purpose only*

For illustration purposes, an exchange rate of HK\$1.00 to RMB1.015 has been adopted in this announcement.

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.

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