

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**HIGHLIGHTS**

Turnover amounted to HK\$424 million, representing 122.5% increase

Net Profit for the period surged by 20.8 times to HK\$23.4 million

Earnings per share increased 64 times to HK cents 0.65

Interim dividend of HK\$ cents 0.25 per share

## RESULTS

The Board of Directors (the “Board”) of EPI (Holdings) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively “EPI” or the “Group”) for the six months ended 30 June 2007 (the “Interim Period”), together with the comparative figures for the corresponding period ended 30 June 2006 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2007*

		For the six months period ended 30 June	
		2007	2006
	Notes	HK\$'000	HK\$'000
Turnover	3	424,101	190,613
Cost of sales		(373,289)	(185,559)
Gross profit		50,812	5,054
Other income		4,469	–
Selling and distribution costs		(9,237)	(116)
Administrative expenses		(18,545)	(3,636)
Operating profit	4	27,499	1,302
Finance costs	5	(460)	(15)
Profit before income tax		27,039	1,287
Taxation	6	(3,602)	(212)
Profit for the period attributable to equity holders of the Company		<u>23,437</u>	<u>1,075</u>
Earnings per share for profit attributable to the equity holders of the Company	7		
– Basic (Hong Kong cents)		<u>0.65</u>	<u>0.01</u>
– Diluted (Hong Kong cents)		<u>0.63</u>	<u>0.01</u>
Interim dividend (Hong Kong cents)	8	<u>0.25</u>	<u>NIL</u>

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	<i>Notes</i>	As at <b>30 June 2007</b> <i>HK\$'000</i>	As at 31 December 2006 <i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<u>31,984</u>	<u>779</u>
		<u>31,984</u>	<u>779</u>
<b>Current assets</b>			
Inventories		79,452	–
Trade and other receivables	9	280,702	91,395
Cash and cash equivalents		<u>557,772</u>	<u>191,344</u>
		<u>917,926</u>	<u>282,739</u>
<b>TOTAL ASSETS</b>		<u><b>949,910</b></u>	<u><b>283,518</b></u>
<b>Capital and reserves</b>			
Share capital	11	41,595	36,082
Reserves		<u>711,756</u>	<u>229,566</u>
<b>Total owners' equity</b>		<u><b>753,351</b></u>	<u>265,648</u>
<b>Current liabilities</b>			
Trade and other payables	10	119,862	15,832
Bank borrowings-due within one year		71,285	–
Income tax payables		<u>5,412</u>	<u>2,038</u>
		<u>196,559</u>	<u>17,870</u>
<b>Total liabilities</b>		<u><b>196,559</b></u>	<u>17,870</u>
<b>Total equity and liabilities</b>		<u><b>949,910</b></u>	<u><b>283,518</b></u>
<b>Net current assets</b>		<u><b>721,367</b></u>	<u><b>264,869</b></u>
<b>Total assets less current liabilities</b>		<u><b>753,351</b></u>	<u><b>265,648</b></u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements 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.

The Group adopts the proportionate consolidation method as set out in the Hong Kong Accounting Standard (“HKAS”) 31 “Interest in Jointly Controlled Entities” for the recognition of interests in Qingyuan JCCL EPI Copper Limited (“Qingyuan JCCL EPI”). The Directors of the Company consider that the use of proportionate consolidation method better reflects the substance and economic reality of the Group’s interests in Qingyuan JCCL EPI.

Under the proportionate consolidation method, the Group’s share of assets, liabilities, income and expenses of joint controlled entities is combined on a line-by-line basis with similar items in the Group’s financial statements.

### 2. SIGNIFICANT 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 2006. In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC)-INT 7	Applying the Restatement Approach Under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC)-INT 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>5</sup> Effective for annual periods beginning on or after 1 November 2006

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new standard, revision and interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC)-INT 12	Service Concession Arrangements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2008

The directors of the Company anticipate that the application of the standard, revision and interpretations will have no material impact on the results and the financial position of the Group.

### 3. TURNOVER AND SEGMENT INFORMATION

For management purposes, the Group has organized its business operation into three segments, namely, metals sourcing and trading, production of copper anode and consumer electronics. These segments are the basis on which the Group reports its primary operating information.

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK'000</b>
Revenue		
– Metals sourcing and trading	249,663	–
– production of copper anode	123,053	–
– consumer electronics	51,385	190,613
	<u>424,101</u>	<u>190,613</u>
Segment results		
– Metals sourcing and trading	35,677	–
– production of copper anode	3,502	–
– consumer electronics	563	2,716
	<u>39,742</u>	2,716
Unallocated income	1,348	–
Unallocated expenses	(13,591)	(1,414)
Finance costs	(460)	(15)
	<u>27,039</u>	1,287
Income tax charge	(3,602)	(212)
	<u>23,437</u>	<u>1,075</u>
Profit for the period	<u>23,437</u>	<u>1,075</u>

#### 4. OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the period:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK'000
Bank interest income	(1,347)	–
Depreciation of property, plant and equipment	167	14
Operating leases on land and building	1,570	370
Restructuring expenses	–	1,414
Loss on metals future trading contracts	3,208	–
Staff costs, including directors' emoluments	11,117	1,271
Share-based payment under options scheme	4,000	–
	<u>4,000</u>	<u>–</u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK'000
Interest on:		
Bank loans, overdraft and borrowings wholly repayable within one year	460	15
	<u>460</u>	<u>15</u>

#### 6. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the six months ended 30 June 2007 and the six months ended 30 June 2006.

#### 7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK'000
Profit for the period attributable to equity Holders of the Company for the purpose of basic and diluted earnings per share	23,437	1,075
	'000	'000
Number of shares		
Weighted average of ordinary shares for the purpose of basic earnings per share	3,621,048	8,076,257
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	103,370	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	3,724,418	8,076,257

As there were no dilutive potential ordinary shares outstanding as at 30 June 2006, the diluted earnings per share for the six months ended 30 June 2006 is the same as the basic earnings per share of HK0.01 cents.

## 8. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.25 cent per share (2006: NIL) for the six months ended 30 June 2007 to shareholders whose name appears on the register of members of the Company on 15 October 2007. The interim dividend will be paid on or around 31 October 2007.

## 9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2007 <i>HK\$'000</i>	As at 31 December 2006 <i>HK\$'000</i> (Audited)
Trade receivables	170,761	2,797
Other receivables and prepayment	109,941	88,598
	<u>280,702</u>	<u>91,395</u>

The Group generally granted credit terms to its customers ranging from cash on delivery to 90 days. The ageing analysis of trade receivables, net of impairment losses, is as follows:

	As at 30 June 2007 <i>HK\$'000</i>	As at 31 December 2006 <i>HK\$'000</i> (Audited)
0 – 30 days	149,027	2,521
31 – 60 days	20,476	77
61 – 90 days	421	–
Over 90 days	837	199
	<u>170,761</u>	<u>2,797</u>

## 10. TRADE AND OTHER PAYABLES

	As at 30 June 2007 <i>HK\$'000</i>	As at 31 December 2006 <i>HK\$'000</i> (Audited)
Trade payables	61,777	–
Other payables and accruals	58,085	15,832
	<u>119,862</u>	<u>15,832</u>

The ageing analysis of the trade payables is as follows:

	<b>As at 30 June 2007 HK\$'000</b>	As at 31 December 2006 HK\$'000 (Audited)
0 – 30 days	61,777	–
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	–	–
	<u>61,777</u>	<u>–</u>

## 11. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2006 and 30 June 2007	25,000,000,000	250,000
Issued and fully paid:		
At 1 January 2007	3,608,212,570	36,082
Shares placing	573,540,000	5,736
Shares repurchase	(23,500,000)	(235)
Exercise of share options	1,200,000	12
At 30 June 2007	<u>4,159,452,570</u>	<u>41,595</u>

- (a) On 14 June 2007, the Company entered into a subscription with Climax Associates Limited, the controlling shareholder of the Company to allot and issued 573,540,000 ordinary shares of HK\$0.01 each to her at a subscription price of HK\$0.81 per share. The subscription agreement is conditional upon completion of the placing made by the placing agent on behalf of Climax Associates Limited. On 20 June 2007, following the completion of the placing, 573,540,000 ordinary shares of HK\$0.01 were issued to Climax Associates Limited pursuant to the subscription agreement.

(b) The Company repurchased a total of 23,500,000 ordinary shares on the Stock Exchange as follows:

Month of repurchase	Ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2007	23,500,000	0.228	0.189	4,689

(c) During the period, 1,200,000 ordinary shares of HK\$0.01 each were issued at HK\$0.205 per share upon the exercise of the share options of the Company by a share option holder and all these shares rank pari passu with other ordinary shares of the Company in all respects.

## 12. WARRANTS

On 14 June 2007, the Company entered into the Warrant Placing Agreement with the placing Agent pursuant to which the placing Agent agreed to place Warrants attaching the rights to subscribe for 143,380,000 Shares on the basis of the initial exercise price of HK\$0.94 per Warrant Share, on behalf of the Company, to placees who are independent of the Company and its connected persons, at the issue price of HK\$0.08 per Warrant. The Warrants were exercisable from 29 June 2007 to 28 June 2009. The Warrants are not dilutive to the earnings per share for the period ended 30 June 2007.

## 13. SHARE-BASED PAYMENT TRANSACTIONS

The Company has share options scheme for eligible employees and director of the Company. Details of the options are as follows:

Date of grant	Vesting period (Date)	Exercise period	Exercise price
31 January 2007	21.02.2007	21.02.2007-31.12.2009	HK\$0.205
31 January 2007	01.01.2008	01.01.2008-31.12.2009	HK\$0.205
31 January 2007	01.01.2009	01.01.2009-31.12.2009	HK\$0.205
21 February 2007	28.02.2007	28.02.2007-31.12.2009	HK\$0.3
21 February 2007	01.01.2008	01.01.2008-31.12.2009	HK\$0.3
21 February 2007	01.01.2009	01.01.2009-31.12.2009	HK\$0.3

The following table discloses movements of the Company's share options held by certain employees and directors during the period:

	<b>Date of grant</b>		<b>Total</b>
	<b>31.01.2007</b>	<b>21.02.2007</b>	
Number of shares options			
Granted	225,080,000	23,560,000	248,640,000
Exercised during the period	(1,200,000)	–	(1,200,000)
	<u>223,880,000</u>	<u>23,560,000</u>	<u>247,440,000</u>
Outstanding at 30.06.2007	<u>223,880,000</u>	<u>23,560,000</u>	<u>247,440,000</u>
Exercisable as at 30.06.2007	<u>76,800,000</u>	<u>680,000</u>	<u>77,480,000</u>

The closing price of the Company's share immediately before 31 January 2007 and 21 February 2007 was HK\$0.205 and HK\$0.27 respectively.

The average closing price of the Company's shares immediately before the date on which the options were exercised was HK\$0.81.

The Group recognized expense of approximately HK\$4 million for the six months ended 30 June 2007 (six months ended 30 June 2006: HK\$NIL) in relation to share options granted by the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the first half of 2007, the Group continued to lay the foundations for becoming the leading supplier of non-ferrous and scrap metals in China.

Through its efforts over the six months, the Group has been able to deliver on solidifying its business model as a fast growth company. In only nine months since resumption of trading, the Group has generated profit and positive cash flows and has mapped out the deliverables required to achieve its goals.

## **REVIEW OF OPERATIONS**

During the period, the Group's operations comprised its metals sourcing and trading business, the JCCL EPI (Qingyuan) Limited (Qingyuan JCCL EPI) copper smelting joint venture and its consumer electronics business.

### **Non-ferrous Metals Business**

The Group's non-ferrous metals business saw rapid progress during the first half of 2007, with an encouraging contribution from metals sourcing and trading, the start of smelting operations and the signing of two more important agreements, the Guangzhou (Foshan) Metals Company Limited (GUANGFO) joint venture and the framework agreement with Daye Non Ferrous Metals Company (Daye).

## *The Market*

The non-ferrous metals market in China remained strong, with consumption exceeding domestic supply. This led to the tighter supply of copper concentrate in global markets, where the Chinese smelters have less bargaining power than the global mining companies. Moreover, China suffers from over capacity in copper concentrate smelting. Given the imbalance in the market, the global mining companies were able to squeeze the Chinese smelters' treatment and refinery charges, resulting in higher copper concentrate costs and a decline in gross profit margins for the major Chinese copper enterprises.

In light of this situation, Chinese copper smelters have been actively looking for alternative supply, investing in copper and other non-ferrous metals mining assets to improve their mine reserves as well as procuring more recycled scrap copper and other non-ferrous metals from both domestic and overseas sources.

## *Metals Sourcing and Trading*

Our global metal sourcing and trading team benefited from the China market situation, increasing its copper and other non-ferrous metals recycled scrap purchasing to meet the demand of our Chinese clients as well as our joint venture smelting business.

During the period, the Group mainly sourced copper scrap such as No 2 copper (94%-96% copper) and brass (60%-65% copper) from the United States, Europe and Asia. In total, some 3,000 tons of copper was sourced for clients in China.

The overseas sourcing and trading team in Hong Kong was expanded to over ten staff, while a new sourcing office was established in Los Angeles in May. In China, the local sourcing and trading team based in Qingyuan expanded to a team of ten people.

## *Copper Smelting*

Our 51% smelting joint venture with Jiangxi Copper Limited (Jiangxi Copper), Qingyuan JCCL EPI, achieved its goal of starting production in June, a mere seven months after the joint venture was established.

The 15-year joint venture had acquired an existing smelting plant on a 161,644 square metre block of land at Qingyuan in Guangdong province. Much work needed to be done to refurbish the plant, however, including the smelting equipment, before it could become operational. Over 26 high level engineers from Jiangxi Copper, together with teams of workers, worked around the clock and the plant was officially opened on 6 June 2007 in the presence of the President of Jiangxi Copper, high ranking government officials from Qingyuan and the Chairman and CEO of EPI Holdings.

The entire annual production of copper anode will be purchased by Jiangxi Copper at the prevailing market price and on general commercial terms.

## *Mining Investment*

In May, EPI entered into a framework agreement with Daye Non Ferrous Metals Company (Daye) which would give the Group a 25% stake in a joint venture that would own four mines in China's Hubei province. The investment is valued at approximately RMB 500 million, subject to due diligence reports and the final joint venture agreement. Daye proposes to inject into the joint venture company its interests in three companies principally engaged in holding and operating mines in China, Feng Shan Co Limited, Xin Tai Co. Limited and Xin Ma Co. Limited, as well as its 66.46% interest in the large Tong Lu Shan Mine.

Daye is China's fourth largest non-ferrous metals company. Its mines have a current annual production of approximately 23,000 tons of copper, 1 ton of gold and 350,000 tons of iron, with estimated reserves of 787,374 tons of copper, 29,564 kilogrammes of gold, 455,726 kilogrammes of silver, 13,021 tons of molybdenum and 19,602 kilotons of iron ore.

## *Warehousing, Logistics and Financing*

In February 2007, the Group took its first step towards establishing itself in metals warehousing, logistics and financing, with the signing of a second joint venture, Guangzhou (Foshan) Metals Company Limited (GUANGFO), with Foshan Nanhai Xinweifeng Trading Co. Ltd. and Guangdong Guanghong International Trade Group Co. Ltd. The total investment is estimated at RMB10 million (HK\$10.4 million) and the Group will hold a 40% stake, with an option to increase its shareholding to 50% within a year from signature of the joint venture agreement.

## **Consumer Electronics Business**

The Group's consumer electronics business arm, Innovision Enterprises Limited (Innovision) sells digital video disk (DVD) combos, home theatres and DVDs and CRT TV for the US, Latin America and European markets, outsourcing its production on an OEM and ODM basis to reliable manufacturers in China. The Group has been able to retain its long term clients which has maintained profit margins.

## **FINANCIAL REVIEW**

### **Turnover and Gross Profit Margin**

Total turnover of the Group for the six months ended 30 June 2007 reached HK\$424 million, representing an increase of 122.5% over the same period of 2006 year. The gross profit margin was 11.98%, up from 2.65% in the same period last year.

The metal sourcing and trading business was the main revenue driver. Sales at the metal sourcing and trading business for the period were HK\$250 million, representing 58.9% of Group turnover. Gross profit margin was 17.1%. The Qingyuan JCCL EPI smelting joint venture began full operations in June and sales for the period were HK\$123 million, contributing 29% to Group turnover. Gross profit margin was 5.4%. Sales at the consumer electronics business were HK\$51 million, representing 12.1% of Group turnover, a decrease of 73% over the same period last year. Gross profit margin was 2.68%.

## **EBITDA and Net Profit**

The Group's EBITDA (earnings before interest, taxation, depreciation and amortization less bank interest income) for the period was HK\$26.3 million, compared to HK\$1.3 million in the same period last year. EBITDA margin rose strongly to 6.2% from 0.68% as a result of the successful diversification into non-ferrous metals business.

Net profit attributable to shareholders also increased sharply, rising by 2,080.2% to HK\$23.4 million and net profit margin based on turnover improved from 0.56% to 5.53%.

## **Finance Costs**

Finance costs of HK\$0.46 million mainly comprised interest expenses on bank loans and overdraft repayable within one year. The increase in interest expense was mainly due to the increase in the utilisation of bank facilities for the production of copper anode business.

## **Liquidity and Financial Resources**

In view of its expansion plans and of the good prospects for completion of the Daye joint venture, the Group decided to raise additional equity capital in the first half of 2007.

On 14 June the Company raised an aggregate net proceeds of HK\$463.03 million, of which HK\$451.92 million was in the form of shares and HK\$11.11 million in the form of warrants, via a top up subscription placement of 573,540,000 shares to institutional investors at HK\$0.81 per share than and 143,380,000 warrants at HK\$0.08 warrant price with an exercise price at HK\$0.94 per share for 365 days. The proceeds will be applied to the Daye investment and as working capital for the Group.

The Group has a strong cash position as at the period ended 30 June 2007 with cash and bank balances of HK\$558 million on hand.

## **OUTLOOK**

The Group expects to make further rapid progress in building its integrated non-ferrous metals business in China during the second half of the year. Although EPI will remain in an expansion phase, the addition of revenue generating operations offers very good prospects for growth in revenues and earnings.

Finalisation of the Daye mining investment will be a priority for the second half of the year. Once completed, this investment will give the Group access to immediate increases in revenue from the current metal production, as well as offering the prospect of further gains from a separate public listing.

The Group is now working hard with Daye's team on the due diligence process and is expected to complete the joint venture in the fourth quarter of this year or early 2008. Meanwhile, the Group will actively seek similar opportunities for mining investment in China.

Qingyuan JCCL EPI will bring its two smelting furnaces into full operation, which should contribute sizeable revenues in the second half. The joint venture is bringing forward the construction of two further smelting furnaces to the third quarter of this year, which will double the capacity of the plant to 200,000 tons a year by 2008.

In light of the smooth start to operations at Qingyuan JCCL EPI and ever closer ties with Jiangxi Copper, its joint venture partner, the Group is to establish a scrap metal financing business with Jiangxi Copper in the second half of the year. This will provide a stable supply of locally sourced scrap copper for Qingyuan JCCL EPI and offer additional revenues and an attractive operating margin, which will contribute to both the joint venture and the Group.

The metals sourcing and trading business will continue to expand and benefit increasingly from the Group's other operations. Led by managers with over 20 years' experience in the recycled metal market, the operation is on track to deliver higher revenue in the second half of the year. The Group is exploring opportunities to open a third office in Europe and expanding its sourcing and trading products to other non-ferrous metals such as scrap aluminium and scrap zinc.

On 18 May 2007, the Company entered into the Subscription Agreement with Vision Tech International Holdings Limited (Vision Tech) pursuant to which the Company has conditionally agreed to subscribe for 750,000,000 new shares at a price of HK\$0.10 per new share in Vision Tech.

Completion of the Subscription Agreement is conditional upon a proposal for the resumption in trading of shares in Vision Tech on the Stock Exchange having been approved and accepted by the Stock Exchange to be viable and which is satisfactory and acceptable to EPI Holdings and other relevant parties.

To ensure that the Group's expansion is underpinned by solid systems and risk management, during the second half of the year the Group will implement an accounting, trading and management information system (MIS system), covering management resources, operations, risk management and human resources. This will bring greater efficiencies and management control, as well as allowing of global sourcing operations to benefit from working closely together on common data communications platforms.

## **EMPLOYEES**

As at 30 June 2007, the Group had a total of about 27 employees in Hong Kong and 300 in PRC. Employee's cost (excluding directors' emoluments) amounted to approximately 8.9 million (2006: 1.3 million). The Group ensures that the pay levels of its employees are competitive according to market trend and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2007, 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\$
5 January 2007	5,900,000	On the Exchange	0.210	0.206
10 January 2007	1,500,000	On the Exchange	0.197	0.192
11 January 2007	1,440,000	On the Exchange	0.195	0.193
12 January 2007	5,360,000	On the Exchange	0.201	0.193
15 January 2007	1,300,000	On the Exchange	0.203	0.201
16 January 2007	2,500,000	On the Exchange	0.200	0.194
17 January 2007	2,300,000	On the Exchange	0.195	0.190
18 January 2007	200,000	On the Exchange	0.189	0.189
19 January 2007	3,000,000	On the Exchange	0.202	0.198
	<hr/>			
	23,500,000			

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has compiled 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 2007, 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 when a high calibre executive could be identified, he would be invited to take up either one role in the forthcoming year.

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 the retirement and rotation requirements 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 2007 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. Xu Mingshe and one Non-executive Director, Mr. Leung Hon Chuen. Mr. Poon is a certified public accountant.

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement will be published on the website of The Stock Exchange Hong Kong Limited (“Stock Exchange”).

An interim report for the six months ended 30 June 2007 containing all the information required by Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be dispatched to shareholders and published on the website of the Stock Exchange in due course.

## **DIRECTORS**

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.

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

Hong Kong, 18 September 2007