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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

EPI **EPI (Holdings) Limited**
長盈集團(控股)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 689)

**PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION FOR NEW SHARES
AND
RESUMPTION OF TRADING**

On 5 December 2006, the Seller, Climax Associates Limited, the controlling shareholder of the Company, entered into (i) the Placing Agreement with the Placing Agent, CLSA Limited, pursuant to which the Placing Agent agreed to place, on a best efforts basis, 605,000,000 Shares, on behalf of the Seller, to independent placees at the price of HK\$0.295 per Placing Share and (ii) the Subscription Agreement with the Company, pursuant to which the Company has conditionally agreed to allot and issue up to 605,000,000 new Shares to the Seller at the price of HK\$0.295 per Subscription Share.

The Placing Shares represent (i) approximately 19.98% of the existing issued share capital of the Company of 3,028,512,570 Shares as at the date of this announcement and (ii) approximately 16.65% of the issued share capital of the Company of 3,633,512,570 Shares as enlarged by the issue of the Subscription Shares.

The price per Placing Share of HK\$0.295 represents (i) a discount of approximately 7.81% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 9.51% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day and (iii) a discount of approximately 9.79% to the average closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Subscription is conditional upon (i) completion of the Placing having occurred pursuant to the terms of the Placing Agreement and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The net proceeds from the Subscription will amount to approximately HK\$172 million (equivalent to a net Placing price of approximately HK\$0.28 per Share), of which approximately HK\$152 million is intended to apply for the funds needed for the non-ferrous metal business and the balance of HK\$20 million is intended to be used for general working capital of the Group.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 4 December, 2006 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 December, 2006.

1. PLACING AGREEMENT

Date:

5 December 2006

Parties:

The Company, the Seller and the Placing Agent.

The Seller – Climax Associates Limited, a company controlled by Wong Chi Wing, Joseph, an executive Director

The Seller is a controlling shareholder of the Company, holding 2,271,250,000 Shares representing approximately 75% of the existing share capital of the Company as at the date of this announcement.

The Placing Agent – CLSA Limited

To the best of the knowledge and belief of the Directors, each of the Placing Agent and its beneficial owner is not a connected person of the Company or an associate of the Seller.

Placing Shares:

Pursuant to the Placing Agreement, the Placing Agent agreed to place, on a best efforts basis, the Placing Shares, on behalf of the Seller, to independent placees at the price of HK\$0.295 per Placing Share. The number of placees shall be not less than six. The placees and their ultimate respective beneficial owners will be professional institutional or other investor independent of and not connected with the Seller, the directors, substantial shareholders and chief executive (as those terms are defined in the Listing Rules) of the Vendor, its subsidiaries and their respective associates. The Company does not expect that any placees will become its substantial shareholder.

The Placing Shares represent approximately 19.98% of the Company's issued share capital as at the date of this announcement, and approximately 16.65% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Placing Price:

The Placing Price is HK\$0.295 per Placing Share and represents (i) a discount approximately 7.81% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 9.51% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange from 24 November 2006 to 1 December 2006, being the last five trading days up to and including the Last Trading Day and (iii) a discount of approximately 9.79% to the average closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Seller and the Placing Agent.

Rights of the Placing Shares:

The Placing Shares are sold by the Seller free from all third party rights, liens, charges, options, equities and encumbrances and together with all rights attaching thereto including the right to receive all dividends and distributions declared, made or paid after the completion date.

Lock-up undertakings:

Pursuant to the Placing Agreement,

- (i) the Seller undertakes that (except for the sale of the Placing Shares) for the period of three months from the completion date of the Placing, it will not sell, transfer, grant options over (other than options already granted) or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise but except disposal or transfer pursuant to options already granted) any of its Shares or any interests therein in excess of 100,000,000 Shares unless the prior written consent of the Placing Agent to any disposal or grant shall have been obtained (such consent not to be unreasonably withheld or delayed);
- (ii) the Company agrees that it will not and the Seller undertakes to procure that neither the Company nor any of its subsidiaries will, issue or agree to allot or issue any Shares (other than pursuant to (i) any exercise of any convertible bonds and warrants in issue at the date of the Placing Agreement or any other conversion or subscription rights existing at the date of the Placing Agreement (ii) any scrip dividend scheme) or other securities or grant or agree to grant any options (other than options granted pursuant to an existing shares option scheme), warrants or other rights to subscribe for shares or other securities or to repurchase any securities of the Company, for the period of three months from the completion date of the Placing without first having obtained the prior written consent of the Placing Agent (such consent not to be unreasonably withheld or delayed).

Completion of the Placing:

Completion of the Placing shall take place on 8 December 2006 or such later time and/or date as the Seller and the Placing Agent may agree.

2. SUBSCRIPTION AGREEMENT

Date:

5 December 2006

Parties:

The Seller as the subscriber and the Company as the issuer.

Subscription Shares:

The Company will allot and issue and the Seller will subscribe for up to 605,000,000 new Shares, representing approximately 19.98% of the Company's existing issued share capital as at the date of this announcement and 16.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 22 June 2006. As at the date of this announcement, no Shares have been allotted and issued pursuant to such general mandate.

Subscription Price:

The Subscription Price is HK\$0.295 per Subscription Share. The net proceeds from the Subscription will be approximately HK\$172 million, being the total Subscription Price after deducting the expenses incurred by the Seller and the Company in relation to the Placing and the Subscription.

Ranking of the Subscription Shares:

The Subscription Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects among themselves and with the existing issued Shares.

Conditions of the Subscription:

Completion of the Subscription is conditional upon:

- (a) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription:

The conditions in the Subscription Agreement are expected to be fulfilled as soon as practicable. Completion of the Subscription shall take place within two days of fulfilment of the conditions.

If any of the above conditions is not fulfilled within 12 days of the signing of the Placing Agreement (or such later date as may be agreed between the Company and the Seller), then the Seller and the Company shall have the right to terminate the Subscription Agreement and all rights and obligations thereunder will cease and terminate. In the event that the Company and the Seller elect to postpone the fulfilment date of the conditions and the Subscription is not completed within 14 days of the signing of the Placing Agreement, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of the independent Shareholders and the Company will take steps to ensure compliance with the Listing Rules and further announcement will be made by the Company in this regard accordingly.

3. SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing and (iii) immediately after completion of the Placing and the Subscription:

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Shares	% (approx.)	Shares	% (approx.)	Shares	% (approx.)
the Seller	2,271,250,000	75.00	1,666,250,000	55.02	2,271,250,000	62.51
Public:						
– the Placees	—	—	605,000,000	19.98	605,000,000	16.65
– other public Shareholders	757,262,570	25.00	757,262,570	25.00	757,262,570	20.84
TOTAL	<u>3,028,512,570</u>	<u>100</u>	<u>3,028,512,570</u>	<u>100</u>	<u>3,633,512,570</u>	<u>100</u>

4. REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors believe that the terms of the Placing and the Subscription, including the Subscription Price, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair, reasonable and in the interests of the Company and the Shareholders as a whole. The Directors consider that the Placing and the Subscription represents an opportunity to raise additional capital for the Company while further broadening the shareholder base and the capital base of the Company.

The net proceeds from the Subscription will amount to approximately HK\$172 million (equivalent to a net Placing price of approximately HK\$0.28 per Share). The Company intends to apply approximately HK\$152 million of the net proceeds for the funds needed for the non-ferrous metal business and the balance of HK\$20 million for general working capital of the Group.

5. FUND RAISING EXERCISE BY THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Date of Announcement	Nature of transaction	Underwriter/ Placing Agent	Gross Amount raised	Intended use of net proceeds	Actual use of net proceeds
21 April 2006	Open offer of 145,372,626 Shares ("Open Offer"); Placing of 374,627,374 Shares ("April Placing"); and Subscription of 2,075,000,000 Shares ("April Subscription")	Grand Vinco Capital Limited Subscriber Climax Associates Limited	approximately HK\$8.7 million from Open Offer; approximately HK\$22.5 million from the April Placing and approximately HK\$83 million from the April Subscription	The aggregate net proceeds from the Open Offer, the April Placing and the April Subscription of approximately HK\$105 million is intended to be applied by the Company as follows: <ul style="list-style-type: none"> – HK\$21.5 million for the settlement of the indebtedness of the Company; – where suitable manufacturing facility is identified, up to HK\$20 million for such investment; and – the remaining balance of HK\$63.5 million will be retained for the present as working capital for the Group. 	The aggregate net proceeds from the Open Offer, the April Placing and the April Subscription of approximately HK\$105 million has been applied (or if applicable, will be applied) by the Company, same as intended, as follows: <ul style="list-style-type: none"> – HK\$21.5 million has been applied for the settlement of the indebtedness of the Company; – up to HK\$20 million will be applied for acquiring suitable manufacturing facility; and – the remaining balance of HK\$63.5 million has been retained for the present as working capital for the Group.

6. GENERAL

The Company operates as an investment holding company. Its subsidiaries are principally engaged in business of sale and marketing of consumer electronic products including television sets, DVD players and home theatre systems. While the Company intends to remain engaged in the business of sale and marketing of consumer electronic products including television sets, DVD players and home theatre systems, the Company has been exploring the fast growing commodity sector which includes oil-related and non-ferrous metal business. As announced by the Company on 27 November 2006, the Company intends to establish a joint venture to engage in the business of manufacturing copper anodes.

7. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 4 December, 2006 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 December, 2006.

8. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda whose shares are listed on The Stock Exchange
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	1 December 2006, being the last day of trading of the Shares on the Stock Exchange before the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the placing agreement dated 5 December 2006 made between the Company, the Seller and the Placing Agent in relation to the Placing
“Placing Agent”	CLSA Limited, a licensed corporation under the Securities and Futures Ordinance to carry out types 1, 4, 6 and 9 regulated activities and a third party independent of the Seller, the Company and their respective associates
“Placing Shares”	an aggregate of up to 605,000,000 Shares owned by the Seller which the Placing Agent agreed to place, on a best efforts basis, on behalf of the Seller, to independent places at the price of HK\$0.295 per Placing Share
“Placing Price”	HK\$0.295 per Placing Share
“Seller”	Climax Associates Limited, a company incorporated with limited liability in the British Virgin Islands and controlled by Wong Chi Wing Joseph, an executive Director
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Seller pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 5 December 2006 made between the Company and the Seller in relation to the Subscription
“Subscription Price”	HK\$0.295 per Subscription Share

“Subscription Shares”	an aggregate of up to 605,000,000 new Shares to be issued and allotted to the Seller pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
EPI (Holdings) Limited
Hong Kin Choy, Bryan
Company Secretary

Hong Kong, 5 December 2006

** for identification purpose only*

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 Directors, 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.