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**VISION TECH INTERNATIONAL  
HOLDINGS LIMITED**

**金科數碼國際控股有限公司\***  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 922)

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

**DISCLOSEABLE TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES IN VISION TECH  
INTERNATIONAL HOLDINGS LIMITED**

**PROPOSED CAPITAL REORGANISATION;  
PROPOSED SUBSCRIPTION FOR NEW SHARES;  
WHITEWASH WAIVER APPLICATION;  
CONNECTED TRANSACTION – LOANS SETTLEMENT;  
AND  
PLACING OF NEW SHARES**

**PROPOSED CAPITAL REORGANISATION**

The Company intends to put forward to Shareholders for their approval a proposal involving the following changes to the capital of the Company:

- (a) Capital Reduction: that the issued share capital of the Company be reduced by cancelling from the paid-up capital thereof to the extent of HK\$0.09 of each issued Share and reducing the nominal value of all the Shares comprising the authorised share capital of the Company from HK\$0.10 to HK\$0.01 per share and in consequence thereof the authorised share capital of the Company will be reduced from HK\$60,000,000 to HK\$6,000,000;
- (b) Share Consolidation: that every 10 (ten) shares of HK\$0.01 each in the issued and unissued share capital of the Company after the Capital Reduction be consolidated into 1 (one) New Share of HK\$0.10 each; and
- (c) Share Capital Increase: that forthwith upon completion of the Capital Reduction and Share Consolidation becoming effective, the authorised share capital of the Company be increased from the aforesaid reduced amount of HK\$6,000,000 to HK\$200,000,000 and the same will be divided into 2,000,000,000 New Shares of HK\$0.10 each.

**ISSUE OF SUBSCRIPTION SHARES**

On 18 May 2007, the Company entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue and allot 750,000,000 New Shares at a price of HK\$0.10 per New Share.

Completion of the Subscription Agreement is conditional upon, among other terms and conditions as set forth therein, a proposal for the resumption in trading of the Shares on the Stock Exchange having been approved/accepted by the Stock Exchange to be viable and which shall in all respects be satisfactory and acceptable to the Subscriber and all other relevant parties to the resumption proposal.

**WHITEWASH WAIVER**

Immediately following Completion (which shall take place after completion of the Capital Reorganisation), the Subscriber will be interested in 750,000,000 New Shares, which represent:

- (a) approximately 95.36% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares;
- (b) approximately 72.36% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Placing Shares; and
- (c) approximately 65.51% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

The Subscriber will make an application to the Executive for the granting of the Whitewash Waiver and if so granted, it will be subject to, among other things, approval by the Independent Shareholders of the Whitewash Waiver at the SGM where voting on each of the relevant resolutions in respect thereof shall be decided by way of a poll.

## **LOANS SETTLEMENT**

On 18 May 2007, the Company and Mrs. Pei entered into the Loans Settlement Agreement whereby the Company and Mrs. Pei have agreed that all amounts due by the Group to Mrs. Pei and her associates shall be settled by way of:

- (a) the issue of 108,502,600 New Shares to Mrs. Pei; and
- (b) payment of a sum of HK\$5 million by the Company to Mrs. Pei.

The 108,502,600 New Shares represent approximately 9.48% of the issued share capital of the Company as enlarged by the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

## **PLACING**

On 18 May 2007, the Company and the Placing Agent entered into a conditional Placing Agreement pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis, (a) 250,000,000 Placing Shares to Independent Third Parties at HK\$0.10 per Placing Share; and (b) an additional 108,502,600 Placing Shares (i.e. 358,502,600 Placing Shares in aggregate) at HK\$0.10 per Placing Share if the Loans Settlement Agreement is not approved by the Independent Shareholders and the option under the Placing Agreement is duly exercised in accordance with the terms thereof and with the prior written consent of the Subscriber.

The Placing Shares represent:

- (a) approximately 24.12% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares and the Placing Shares; and
- (b) approximately 21.83% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

The Placing Shares and the Option Shares (assuming the exercise of the Option in full) represent approximately 31.31% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares, the Placing Shares and the Option Shares.

## **DISCLOSEABLE TRANSACTION**

The Share Subscription constitutes a discloseable transaction for EPI (Holdings) Limited under the Listing Rules. A circular of EPI (Holdings) Limited containing the information about the Share Subscription will be despatched in accordance with the requirements of the Listing Rules.

## **GENERAL**

The SGM will be held to consider and if thought fit, pass the resolutions to approve (i) the Capital Reorganisation; (ii) the Share Subscription; (iii) the Whitewash Waiver; (iv) the Loans Settlement; and (v) the Placing.

By reason of the fact that Mrs. Pei is the Chairman of the Company, the Loans Settlement therefore constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules. The Loans Settlement is also a special deal under Rule 25 of the Takeovers Code. Accordingly, the Loans Settlement Agreement shall be subject to obtaining the approval by the Independent Shareholders by way of a poll at the SGM. The Subscriber, Arko Resources Limited, Mrs. Pei and their respective concert parties and associates will abstain from voting on the resolution approving the Loans Settlement at the SGM.

The Subscriber, Arko Resources Limited, Mrs. Pei and their respective concert parties and associates will also abstain from voting on the resolutions approving the Share Subscription, the Whitewash Waiver and the Placing at the SGM.

The Independent Board Committee will be formed to consider the terms of the Share Subscription, the Whitewash Waiver, the Loans Settlement and an independent financial adviser will be appointed in due course to advise the Independent Board Committee in these regards. Further announcement will be made in relation to the independent financial adviser pursuant to Rule 2.1 of the Takeovers Code.

A Circular will be despatched to Shareholders in accordance with the requirements of the Listing Rules and Takeovers Code.

## **SUSPENSION OF TRADING IN THE SHARES**

Trading in the Shares has been suspended since 9:30 a.m. on 6 February 2003.

On 11 December 2006, the Listing Committee has decided to cancel the listing of the Company.

The Listing (Review) Committee of the Stock Exchange considered an application from the Company for a review of the decision of the Listing Committee that the listing status of the Company should be cancelled by reason of its failure to meet the requirements of Rule 13.24 of the Listing Rules and the Listing (Review) Committee decided that the listing status of the Company should be cancelled. The Company has applied to the Listing Appeals Committee for a review of the Listing (Review) Committee's decision and the hearing before the Listing Appeals Committee is scheduled to be held on 14 August 2007.

Trading of the Shares will remain suspended. The listing status of the Shares will be subject to the decision of the Listing Appeals Committee and all relevant transactions will not go ahead if the Listing Appeals Committee approves the delisting of the Company.

**Completion of the Subscription Agreement is conditional upon the New Shares remaining listed and resuming trading on the Stock Exchange. Shareholders should note that the Shares may be delisted by the Stock Exchange in the event that the Company is unable to demonstrate to the satisfaction of the Stock Exchange that it is able to comply with Rule 13.24 of the Listing Rules. In such event, the Share Subscription will not proceed. Accordingly, shareholders and potential investors of EPI (Holdings) Limited should exercise cautions when dealing in the shares of EPI (Holdings) Limited.**

## PROPOSED CAPITAL REORGANISATION

The Directors have duly resolved to put forward to Shareholders for their approval the Capital Reorganisation comprising the Capital Reduction, the Share Consolidation and Share Capital Increase with details as follows:

### 1. Capital Reduction

That the issued share capital of the Company be reduced by cancelling from the paid-up capital thereof to the extent of HK\$0.09 of each issued Share and reducing the nominal value of all the Shares comprising the authorised share capital of the Company from HK\$0.10 to HK\$0.01 per share.

As at the date of this announcement, the authorised share capital of the Company is HK\$60,000,000 divided into 600,000,000 Shares of HK\$0.10 each, and the issued share capital of the Company is HK\$36,460,000 divided into 364,600,000 Shares. Each and every of the shares comprising the said issued share capital of the Company has been paid up or deemed to have been paid up.

In consequence of the Capital Reduction, the authorised share capital of the Company will be reduced from HK\$60,000,000 to HK\$6,000,000 and the issued share capital of the Company will be reduced from HK\$36,460,000 to HK\$3,646,000.

The Capital Reduction, if duly sanctioned and thereafter implemented, will result in reducing the paid up capital of the Company by HK\$32,814,000 in creating a corresponding reserve of HK\$32,814,000. The accumulated losses of the Company as at 31 March 2006 amounted to approximately HK\$168.8 million. Such reserve created as aforesaid will be wholly applied to setting off the equivalent amount of the accumulated losses of the Company as at 31 March 2006. The sum total standing to the credit of the share premium account as at 31 March 2006 amounted to approximately HK\$42.8 million and the capital reserve account as at 31 March 2006 amounted to approximately HK\$81.9 million, the respective whole of which will be applied towards setting-off against the corresponding amount of the accumulated losses of the Company as at 31 March 2006. Having completed the setting-off as aforesaid, it is anticipated that the accumulated losses of the Company will have been reduced to approximately HK\$11.3 million.

### 2. Share Consolidation

That the Share Consolidation be implemented whereby every ten (10) shares of HK\$0.01 each in the issued and unissued share capital of the Company after the Capital Reduction be consolidated into one (1) New Share of HK\$0.10 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$60,000,000 divided into 600,000,000 Shares of HK\$0.10 each, and the issued share capital of the Company is HK\$36,460,000 divided into 364,600,000 Shares. Immediately after completion of the Capital Reduction and the Share Consolidation, the authorised share capital of the Company will be reduced to HK\$6,000,000, divided into 60,000,000 New Shares of HK\$0.10 each and the issued share capital of the Company will be reduced to HK\$3,646,000 divided into 36,460,000 New Shares of HK\$0.10 each. The New Shares will rank *pari passu* in all respects with each other.

### 3. Share Capital Increase

That, upon the Capital Reduction and Share Consolidation having taken effect, the authorised share capital of the Company be increased from the reduced amount of HK\$6,000,000 to HK\$200,000,000 divided into 2,000,000,000 New Shares of HK\$0.10 each.

#### Change in board lots

The Shares are currently traded in board lots of 2,000 Shares and the market value per board lot of the Shares is HK\$98 (based on the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Last Trading Day). The New Shares will be traded in board lots of 20,000 and the estimated market value per board lot of the New Shares will be HK\$2,000 (based on the issue price of HK\$0.10 per New Share as per the Subscription Agreement and the Placing Agreement). The New Shares, when issued, will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of Shareholders.

#### Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary resolutions for: (i) the Capital Reduction; (ii) the Share Consolidation; and (iii) the Share Capital Increase by Shareholders at the SGM;
- (b) the publication of a notice of the Capital Reduction in Bermuda in accordance with the Companies Act; and
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective.

The Share Capital Increase is conditional upon the Capital Reduction and Share Consolidation becoming effective and being passed by Shareholders of the necessary resolutions in relation thereto at the SGM.

The Capital Reorganisation will become effective on the Business Day immediately following fulfillment of the above conditions. Further announcement(s) will be made by the Company to inform Shareholders in respect of the effective date as aforesaid.

#### **Effect of the Capital Reorganisation**

Full and complete implementation of the Capital Reorganisation would not, by itself, alter in whatsoever and howsoever way the underlying assets, liabilities, businesses, management or financial position of the Company and the Group or the rights of Shareholders except for incurring the liability for payment of the related costs and expenses.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and after completion of the implementation of the Capital Reorganisation:

	<b>Before the Capital Reorganisation</b>	<b>Immediately after the Capital Reorganisation</b>
Nominal value	HK\$0.10	HK\$0.10
Authorised share capital	HK\$60,000,000 divided into 600,000,000 Shares	HK\$200,000,000 divided into 2,000,000,000 New Shares
Issued and paid-up share capital	HK\$36,460,000 divided into 364,600,000 Shares	HK\$3,646,000 divided into 36,460,000 New Shares

#### **Free exchange of New Share certificates and trading arrangements**

Subject always to the passing of the resolutions approving the Capital Reorganisation, Shareholders may, during business hours for a period to be announced later submit their share certificates for existing Shares held by them to the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates for New Shares at the expense of the Company. Thereafter, share certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the New Shares or each share certificate for existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, share certificates for existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the New Shares at any time but are not acceptable for trading, settlement and registration purpose upon completion of the Capital Reorganisation.

Details in respect of the free exchange of new shares certificates and trading arrangements will be further announced.

#### **Arrangement for matching service for odd lots**

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company has agreed to procure an agent to arrange for the matching of the sales and purchases of odd lots of the New Shares after the suspension of the trading of the Shares has been lifted by the Stock Exchange. Details of the colour of the new share certificates and odd lot arrangements will be provided in the Circular to be despatched to Shareholders.

#### **Reason for the Capital Reorganisation**

As at 31 March 2006, the Group had accumulated losses of approximately HK\$168.8 million. The Directors believe that it is unlikely that the Group will be capable of generating sufficient profits in the near future to eliminate in whole or the significant part of this deficit and that it would not be appropriate or lawful for the Company to pay dividends while the deficit remains, whether in whole or part. The proposed Capital Reorganisation will provide greater flexibility for the implementation of the Company's dividend policy by assisting the Group in eliminating its accumulated losses. The estimated costs of the Capital Reorganisation are considered to be insignificant. Taking into account the increased flexibility to be provided to the Company in its future dividend policy and the benefits to be accrued in favour of the Company arising out of the Company's raising new funds by the Share Subscription and the Placing, which requires a substantial increase in the authorised issued share capital, as discussed below, the Directors therefore consider that the Capital Reorganisation is in the best interests of the Company and its Shareholders as a whole.

Further announcement with respect to the timetable of the Capital Reorganisation will be made by the Company in due course.

### **THE SUBSCRIPTION AGREEMENT**

#### **Date**

18 May 2007

#### **Parties**

- (a) The Company, as the issuer of the Subscription Shares; and
- (b) Advanced Grade Investments Limited (i.e. the Subscriber), a company which is directly and wholly-owned by EPI (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are traded on the Stock Exchange (stock code: 689).

Climax Associates Limited, the controlling shareholder of EPI (Holdings) Limited, holds approximately 40.9% interest in EPI (Holdings) Limited as at the date of this announcement and is owned as to 51% by Rich Concept Limited (which is entirely owned by Mr. Wong Chi Wing, Joseph), as to 20% by Mr. Chu Kwok Chi, Robert and as to 29% by Mr. Cheng Hairong. Each of Mr. Wong Chi Wing, Joseph, Mr. Chu Kwok Chi, Robert and Mr. Cheng Hairong is an executive director of EPI (Holdings) Limited.

The Subscriber represents, warrants and undertakes to the Company that neither the Subscriber, EPI (Holdings) Limited, Climax Associates Limited, ultimate beneficial owners of Climax Associates Limited nor parties acting in concert with any of them are parties connected with or acting in concert with any substantial shareholder, chief executive and/or Directors of the Company and of its subsidiaries and their respective associates as defined in the Listing Rules.

#### **The Subscription Shares**

Pursuant to the Subscription Agreement, the Company has agreed to allot and issue to the Subscriber, and the Subscriber has agreed to subscribe from the Company, HK\$75,000,000 for a total of 750,000,000 New Shares at a price of HK\$0.10 each, by cash.

The Subscription Shares represent:

- (a) approximately 95.36% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares;
- (b) approximately 72.36% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares and the Placing Shares; and
- (c) approximately 65.51% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the shares of the Company in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

The Subscription Shares will be issued under a specific mandate proposed to be sought from Shareholders at the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

#### **The Subscription Price**

The Subscription Price of HK\$0.10, which is equivalent to the par value of the New Shares, represents:

- (a) a discount of approximately 79.59% to the theoretical closing price of HK\$0.49 per New Share based on the closing price of HK\$0.049 per Share on the Stock Exchange on 5 February 2003, the last trading day immediately before the date of this announcement;
- (b) a discount of approximately 80.08% to the average theoretical closing price of HK\$0.502 per New Share based on the average closing price of HK\$0.0502 per Share for the last 5 trading days up to and including 5 February 2003;
- (c) a discount of approximately 80.77% to the average theoretical closing price of HK\$0.52 per Share based on the average closing price of HK\$0.052 per Share for the last 10 trading days up to and including 5 February 2003; and
- (d) a premium over the net deficiency value of the Company of approximately HK\$0.02 per Share based on the Group's audited consolidated net deficiency value of approximately HK\$7.6 million as at 31 March 2006.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber. In determining the Subscription Price, the Company and the Subscriber have taken into consideration, among other things, the suspension of trading in the Shares on the Stock Exchange since 6 February 2003 and the unaudited consolidated net liabilities of the Company as at 30 September 2006 of approximately HK\$9.1 million. The Directors (excluding the independent non-executive Directors) consider that the Subscription Price is fair and reasonable.

#### **Conditions Precedent**

Completion of the Subscription Agreement is conditional upon compliance with or the satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Subscription Shares;
- (b) if so required, the Bermuda Monetary Authority having granted its consent to the issue, allotment and free transferability of the Subscription Shares;
- (c) the passing of the necessary resolution(s) by Shareholders, or, if so required by the Stock Exchange, independent Shareholders in general meeting in respect of the Capital Reorganisation and the Share Subscription and any other transactions contemplated hereunder and thereunder;
- (d) where applicable, the passing of the necessary resolution(s) by the Independent Shareholders\* in general meeting to approve the Whitewash Waiver;

\* by way of a poll

- (e) the compliance of the relevant regulatory approvals and the obtaining of all necessary consents by the Subscriber including but not limited to approval by shareholders of EPI (Holdings) Limited in accordance with the requirements of the Listing Rules for the Subscription Agreement and the transactions contemplated thereunder;
- (f) the Subscriber being satisfied in all respects, in its absolute discretion, with the results of a due diligence review on the Group to be conducted by the Subscriber;

- (g) a proposal for the resumption in trading of the Shares on the Stock Exchange having been approved by the Stock Exchange and which proposal shall in all respects be satisfactory and acceptable to the Subscriber and all other relevant parties to the resumption proposal;
- (h) the Subscriber being reasonably satisfied that the New Shares will remain listed and shall resume trading on the Stock Exchange either unconditionally or subject to such conditions as the Subscriber may in its absolute discretion accept;
- (i) no indication being received on or before the date of Completion from the Stock Exchange to the effect that the listing of the Shares may be withdrawn or objected to;
- (j) the Whitewash Waiver having been granted by the Executive to the Subscriber and all the conditions attaching to the Whitewash Waiver having been satisfied;
- (k) the Capital Reorganisation having been duly implemented and become effective;
- (l) the Warranties remaining true and accurate in all material respects and not misleading in any material respects as at the date of Completion;
- (m) no event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date of the Subscription Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing including but not limited to acts of government, lock-outs, fire, acts of war, SARS and H5N1), resulting in a material adverse change in, which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions, having occurred;
- (n) no Material Adverse Change shall have occurred on or prior to the date of Completion;
- (o) the Placing Agreement becoming unconditional in all respects (save any condition requiring the Subscription Agreement to become unconditional) and the Placing Agreement not having been terminated by the Placing Agent.

The Subscriber may, at its absolute discretion, waive compliance of the conditions (f), (g), (h), (i), (j), (l), (m), (n) and (o). The Subscriber has no intention of waiving condition (j). Neither the Subscriber nor the Company may waive any of the conditions (a), (b), (c), (d), (e) and (k). If the above conditions have not been fully fulfilled, satisfied or waived on or before the Long Stop Date, the obligations of the parties under the Subscription Agreement shall lapse and the Subscription Agreement shall be of no further effect and the parties thereto shall forthwith be released from performing or further performing such obligations as therein set forth and on their respective part(s) to perform without any liability save in respect of any antecedent breach or any accrued right or remedies, which shall not be prejudiced or affected.

If all the conditions have been fulfilled, satisfied or, if applicable, waived on or before the Long Stop Date, Completion shall take place on the fifth Business Day immediately following the fulfillment or satisfaction (or if applicable, waiver) of the conditions simultaneously with completion of the Placing Agreement.

#### **WHITEWASH WAIVER**

Immediately following the Completion (which shall take into account the effects of the Capital Reorganisation), the Subscriber and parties acting in concert with it will be interested in 750,000,000 Shares, which represent:

- (a) approximately 95.36% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares;
- (b) approximately 72.36% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares and the Placing Shares; and
- (c) approximately 65.51% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

Following the allotment and issue of the Subscription Shares by the Company to the Subscriber on Completion, the Subscriber and parties acting in concert with it will hold 750,000,000 Shares (representing approximately 65.51% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares). In the absence of the Whitewash Waiver, the Subscriber would incur an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory offer to the Independent Shareholders to acquire all the New Shares other than those held by the Subscriber and parties acting in concert with it.

The Subscriber will make an application to the Executive for the Whitewash Waiver and such grant will be subject to, among other things, (i) approval of the Independent Shareholders in respect of the Whitewash Waiver at the SGM where voting on the relevant resolution shall be decided by way of a poll; (ii) the Subscriber and parties acting in concert with it not having acquired any Shares in the 6 months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understanding or agreements with the Directors in relation to the Share Subscription; and (iii) the Subscriber and parties acting in concert with it not having any acquisitions or disposals of the Shares or New Shares between the date of this announcement and the completion of the Subscription Agreement.

Save for the New Shares to be issued pursuant to the Subscription Agreement, the Placing Agreement and the Loans Settlement Agreement, the Company does not have any other outstanding options, warrants and other securities convertible into Shares or any other derivatives.

The Subscriber, Arko Resources Limited, Mrs. Pei and their respective concert parties and associates will abstain from voting on the resolutions approving the Share Subscription and the Whitewash Waiver at the SGM.

#### **Highest and lowest Share prices**

As the trading of the Shares has been suspended since 6 February 2003, the highest and lowest closing price of the Shares as quoted on the Stock Exchange during the six-month period preceding the date of this announcement was both HK\$0.049.

#### **The Subscriber's dealing and interests in the Company's securities**

Save for the subscription for the Subscription Shares pursuant to the Subscription Agreement, none of the Subscriber and parties acting in concert with it has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares in the six months prior to and as at the date of this announcement. As at the date of this announcement, the Subscriber and parties acting in concert with it do not hold any Shares.

The Company has no outstanding options, derivatives, warrants or other securities convertible into Shares as at the date of this announcement.

#### **BACKGROUND INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by EPI (Holdings) Limited. The Subscriber, its beneficial owners and its concert parties are Independent Third Parties. The principal business of the Subscriber is investment holding. It has not undertaken any business activities other than the entering into of the Subscription Agreement.

EPI (Holdings) Limited is a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 689). EPI Group is principally engaged in (i) non-ferrous metals business; and (ii) the sale and marketing of consumer electronic products. Although as stated in EPI (Holdings) Limited's 2006 annual report that EPI Group has gradually diversified its business to non-ferrous metal business after completion of restructuring proposal of EPI (Holdings) Limited, the directors of EPI (Holdings) Limited confirm that EPI Group has no intention of discontinuing its business in the sale and marketing of consumer electronic products.

Climax Associates Limited is the controlling shareholder of EPI (Holdings) Limited, and holds approximately 40.9% interest in EPI (Holdings) Limited as at the date of this announcement.

Having considered the size of the Share Subscription contemplated under the Subscription Agreement, the directors of EPI (Holdings) Limited are of the view that the entering into of the Subscription Agreement is not of price sensitive nature to EPI (Holdings) Limited under Rule 13.09 of the Listing Rules.

Based on the Subscription Price, the payment term of the Share Subscription and the value of the Group, the directors of EPI (Holdings) Limited are of the view that the Share Subscription is on normal commercial terms, fair and reasonable and the entering into of the Subscription Agreement is beneficial to EPI (Holdings) Limited and its shareholders as a whole.

#### **FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP**

Upon Completion, the Company will become a non wholly-owned indirect subsidiary of EPI (Holdings) Limited and the results of the Group will be consolidated to the financial statements of EPI (Holdings) Limited.

Following Completion, the Subscriber intends that the Group will continue its existing principal business of trading and distribution of audio-visual products and home appliance. The Subscriber would also assist the Group to develop the distribution agency business, which is intended to cover white home appliances products such as television and audio visual products. The Subscriber has no intention to make major changes to the employees save for a possible change in the composition of the Board and certain senior management of the Group, which would be announced as and when appropriate and in compliance with the relevant rules and regulations. The Subscriber will neither re-deploy nor dispose of any of the assets of the Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the Listing Rules. The Subscriber has no intention of injecting any assets or business to the Group. The Group will continue to seek new business opportunities to improve the Group's profitability and prospects, and may diversify into other businesses should suitable opportunities arise. Nonetheless, no specific investment target has been identified as at this stage.

#### **LOANS SETTLEMENT AGREEMENT**

##### **Date**

18 May 2007

##### **Terms of the Loans Settlement Agreement**

Pursuant to the Loans Settlement Agreement, the Company and Mrs. Pei have agreed to settle in full all amount owing by the Group to Mrs. Pei and her associates by way of

- (a) issue of 108,502,600 New Shares to Mrs. Pei; and
- (b) payment of a sum of HK\$5 million to Mrs. Pei.

##### **Mrs. Pei**

Mrs. Pei, the Chairman of the Company, currently holding the entire issued share capital of Arko Resources Limited, a substantial shareholder of the Company, which currently holds around 19.51% of the Company's existing issued share capital.

Up to the date of entering into the Loans Settlement Agreement, the total amount of the outstanding loan owed by the Company to Mrs. Pei was approximately HK\$15,657,564 and no amount was owing by the Group to her associates. Upon completion of the Loans Settlement Agreement, the Group will not have any balances payable to Mrs. Pei and her associates.

#### **Loans Settlement Shares**

The 108,502,600 New Shares represent approximately 9.48% of the issued share capital of the Company as enlarged by the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

The issue and allotment of the Loans Settlement Shares are subject to obtaining the approval of the Independent Shareholders at the SGM.

#### **The Price for the Loans Settlement Shares**

The price of HK\$0.10 per Loans Settlement Share has been arrived at after taking into account the issue price of the New Shares as per the Subscription Agreement and the Placing Agreement and is identical to the par value of the New Shares after completion of the Capital Reorganisation.

#### **Conditions of Loans Settlement**

Completion of the Loans Settlement Agreement shall be conditional upon:

- (a) the Listing Committee of Stock Exchange having granted the listing of, and permission to deal in, the Loans Settlement Shares;
- (b) the passing by Independent Shareholders by way of a poll at the SGM of the necessary resolution approving the Loan Settlement Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules and the Takeovers Code; and
- (c) the Subscription Agreement becoming unconditional in all respects.

Neither the Company nor the Placing Agent may waive compliance in conformity with any of the other conditions.

If any of the above conditions has not been fulfilled on or before 31 December 2007 (or such other date as Mrs. Pei and the Company may agree in writing), the obligations of the parties under the Loans Settlement Agreement shall lapse and the Loans Settlement Agreement shall be of no further effect and the parties thereto shall be released from such obligations without any liability save in respect of any antecedent breach.

#### **Completion of Loans Settlement**

Completion of the Loans Settlement Agreement shall take place within five Business Day upon fulfillment of the above conditions.

#### **Reasons for the Loans Settlement**

The Loans Settlement will enable the Group to fully settle all of the amounts due and payable to Mrs. Pei and her associates and therefore, reduce substantially the Group's outstanding liabilities upon completion of the Loans Settlement Agreement. Hence, the Directors (excluding the independent non-executive Directors) considers that the Loans Settlement is in the best interests of the Company and its shareholders as a whole.

#### **Ranking and Rights of Loans Settlement Shares**

The Loans Settlement Shares will rank *pari passu* in all respects among themselves and with all other New Shares in issue or to be issued by the Company on or prior to completion of the Loan Settlement including the rights to all dividends and other distributions declared, made or paid at any time after the date of issue and allotment.

### **PLACING AGREEMENT**

#### **Date**

18 May 2007

#### **Placing Agent**

President Securities, an Independent Third Party and is not acting in concert with the Company, any of its Directors and substantial Shareholders, the Subscriber and parties in acting in concert with any of them.

President Securities does not hold any Shares as at the date of this announcement.

#### **Number of Placing Shares:**

The Placing Agent has conditionally agreed to procure Placees for, and failing which, to purchase by itself as principal on a fully underwritten basis, 250,000,000 New Shares, which such New Shares representing:

- (a) approximately 24.12% of the issued share capital of the Company (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares and the Placing Shares; and
- (b) approximately 21.83% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

## **The Option**

Pursuant to the Placing Agreement, the Company has agreed to grant to the Placing Agent, exercisable at the sole discretion of the Placing Agent, an option to place up to an additional 108,502,600 New Shares, representing approximately 9.48% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and the Option Shares, at HK\$0.10 per New Share, which is identical to the price of the Placing Shares and subject to and on the terms of the Placing Agreement. The Option will be exercisable (a) only when the resolution in relation to the Loans Settlement Agreement is not approved by Independent Shareholders at the SGM; and (b) the prior written consent of the Subscriber has been obtained, and within 7 Business Days after the SGM.

The Company granted the Option to the Placing Agent so that the Placing Agent may raise additional fund to finance the settlement of the loans due to Mrs. Pei in the event that the Loans Settlement Agreement is not approved by the Independent Shareholders at the SGM.

## **Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon the following:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares and the Option Shares;
- (b) the passing by Shareholders at SGM of an ordinary resolution approving the Placing Agreement;
- (c) the Subscription Agreement becoming unconditional in all respects (save any condition requiring the Placing Agreement to become unconditional); and
- (d) there being no breach of any of the warranties, representations and/or undertakings given by the Company under the Placing Agreement.

Neither the Company nor the Placing Agent may waive compliance in conformity with any of the conditions.

If any of the above conditions has not been fulfilled or waived on or before 31 December 2007 (or such other date as the Placing Agent may agree in writing with the Company), the contract constituted by the Placing Agreement shall terminate and none of the Company or the Placing Agent shall have any claim against the other for damages, compensation or otherwise save in respect of any antecedent breach.

## **Placees:**

The choice of the Placees for the Placing Shares shall be determined wholly and solely by the Placing Agent, subject to:

- (a) there being six or more professional, institutional, corporate and/or individual Placees;
- (b) the Placing Agent having received confirmations from each and every of the Placees that:
  - (i) they are Independent Third Parties; and
  - (ii) they are not acting in concert (as defined under the Takeovers Code) with the Subscriber and its concert parties in relation to the control of the Company; and
- (c) the Placing complies in all respects with the requirements of the Listing Rules.

As confirmed by the Placing Agent, it intends to commence the placing of the New Shares immediately after fulfillment (or waiver) of all the conditions of the Placing Agreement and has not commenced the said placing up to the date of this announcement. The Placing Agent will use its reasonable endeavours to ensure that the placees fulfill the conditions set out in (b) above. Nevertheless, the placees may or may not include parties that are independent of but acting in concert with Arko Resources Limited and Mrs. Pei. The Placing Agent undertakes to comply with paragraph 5 of Schedule VI of the Takeovers Code by providing the Executive and the Stock Exchange with details of all the proposed placees, including any relevant information to establish whether or not there is a group acting in concert, and the maximum percentage which they could come to hold upon completion of the Placing.

## **Placing price:**

HK\$0.10 per Placing Share.

This price was agreed between the Company and the Placing Agent after their arm's length negotiations and is identical to the price of the Subscription Shares.

In the premises, the Directors (excluding the independent non-executive Directors) consider that the price of the Placing Shares is fair and reasonable.

## **Completion of the Placing:**

Under the Placing Agreement, completion of the Placing will take place within five Business Days upon fulfillment of the above conditions (or such other date as the Company and the Placing Agent may agree in writing) and simultaneously with the completion of the Subscription Agreement.

### **Rights of the Placing Shares:**

The Placing Shares will be issued and allotted free of all liens, charges, encumbrances, claims, options or other third party rights, and will be issued together with all rights attaching to the Placing Shares as at the date of completion of the Placing, including the right to receive all dividends or other distributions which may be declared, paid or made by the Company on or after the date of completion of the Placing and will rank pari passu in all respects with each other.

### **Termination**

Pursuant to the Placing Agreement, the Placing Agent shall be entitled to terminate the Placing Agreement, if at a time prior to 5:00 a.m. on the second business day immediately prior to the Completion date:

- (a) there develops, occurs or comes into effect:
- (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing (including but not limited to acts of government, lock-outs, fire, acts of war, SARS and H5N1), resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions;
  - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
  - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group;
  - (iv) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or otherwise; or
  - (v) the instigation of any litigation or claim of material importance by any third party against any member of the Group.
- (b) it comes to the notice of the Placing Agent that any of the representations, warranties, or undertakings of the Company maintained in the Placing Agreement is untrue or inaccurate, breached or not complied with in any respect; or
- (c) it comes to the notice of the Placing Agent that there has been any change in the business or financial or trading position of the Group,

and which, in the sole and absolute opinion of the Placing Agent, is likely to be materially adverse to the Company or the Group or would prejudice the success of the Placing or would otherwise make the Placing inadvisable or inexpedient, then the Placing Agent shall have a right exercisable by way of written notice to the Company to terminate the Placing and the Placing Agreement.

### **REASONS FOR THE SHARE SUBSCRIPTION AND THE PLACING**

The principal businesses of the Group involve the trading and distribution of audio-visual products and home appliances. The operating results and financial position of the Group for the two years ended/as at 31 March 2006 and the six months ended/as at 30 September 2006 as extracted from the audited accounts of the Company for the two years ended 31 March 2006 and the unaudited interim report of the Company for the six months ended 30 September 2006 are as follows:

	<b>Six months/As at ended 30 September 2006</b> (unaudited) <i>HK\$'000</i>	<b>Year ended/As at 31 March 2006</b> <i>HK\$'000</i>	<b>Year ended/As at 31 March 2005</b> <i>HK\$'000</i>
Turnover	20,764	36,945	7,802
Net loss	(1,452)	(882)	(2,204)
Net liabilities	(9,115)	(7,663)	(6,786)
Net liabilities per Share	(0.025)	(0.021)	(0.019)

Although the Company has various plans and measures to improve the operating results of the Group, it has not been able to fully implement the same by reason of the Group's limited capital resources.

In view of the current financial position of the Group, the Directors (excluding the independent non-executive Directors) consider that it will be in the best interests of the Company and its Shareholders as a whole to raise funds by means of the issue of new Shares. Entering into the Subscription Agreement and the Placing Agreement will enable the Company to strengthen its financial position and will provide the Group with new funds to enhance its existing business operations and will further enable it to make investments in projects/business ventures which the Directors consider to have good profit potential.

Having taken into consideration the factors discussed above, the Directors (excluding the independent non-executive Directors) consider that the terms of the Subscription Agreement (including the Subscription Price) and the Placing Agreement are fair and reasonable and entering into the Subscription Agreement and the Placing Agreement is in the interests of the Company and its Shareholders as a whole. The independent non-executive Directors' views are subject to the advice to be received from an independent financial adviser. Their views and recommendations in respect of, amongst others, the Share Subscription and the Whitewash Waiver, the Loans Settlement Agreement and the Placing Agreement and the terms thereof will be set out in the circular to be issued by the Company to Shareholders as required by the Takeovers Code and the Listing Rules.

The net proceeds from the issue of the Subscription Shares and the Placing Shares (after deduction of expenses but excluding the Option) are estimated to be approximately HK\$95 million. The Directors at present intend to apply the net proceeds as follows:

- (a) as to HK\$5 million for repayment of the amounts due to Mrs. Pei;
- (b) as to approximately HK\$60 million for possible acquisition of new investments/projects, which are yet to be further explored by the Group (the amount will be kept as deposits in banks in the meantime); and
- (c) as to the remaining balance of approximately HK\$30 million as general working capital.

The net proceeds from the Option, if it is to be exercised in full by the Placing Agent, will amount to approximately HK\$10.6 million. The Company intends to utilize the said sum to settle part of the amounts due to Mrs. Pei and her associates.

The Company has not conducted any equity-related fund raising exercise for the past 12 months immediately prior to the date of this announcement.

#### CHANGES TO THE SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the shareholding structure of the Company before and immediately upon completion of the Capital Reorganisation, the Share Subscription, the Loans Settlement and the Placing are as follows:

	Existing shareholding structure as at the date of this announcement		Shareholding structure upon completion of Capital Reorganisation, Share Subscription, Loans Settlement and Placing		Shareholding structure upon completion of Capital Reorganisation, Share Subscription, Placing and the exercise of the Option in full	
	Number of Shares held	% of issued Shares held	Number of Shares held	% of issued Shares held	Number of Shares held	% of issued Shares held
Arko Resources Limited ( <i>Note 1</i> )	71,134,000	19.51%	7,113,400	0.62%	7,113,400	0.62%
Mrs. Pei	0	0%	108,502,600	9.48%	0	0%
Mrs. Pei and her concert parties	71,134,000	19.51%	115,616,000	10.10%	7,113,400	0.62%
The Subscriber	0	0%	750,000,000	65.51%	750,000,000	65.51%
Tanton Holdings Limited ( <i>Note 2</i> )	30,100,000	8.26%	3,010,000	0.26%	3,010,000	0.26%
Placing Agent/Independent Placees ( <i>Notes 3 &amp; 4</i> )	0	0%	250,000,000	21.83%	358,502,600	31.31%
Other public Shareholders	263,366,000	72.23%	26,336,600	2.30%	26,336,600	2.30%
Total public Shareholders	293,466,000	80.49%	279,346,600	24.39%	387,849,200	33.87%
Total	<u>364,600,000</u>	<u>100%</u>	<u>1,144,962,600</u>	<u>100%</u>	<u>1,144,962,000</u>	<u>100.00%</u>

Notes:

1. These shares are beneficially owned by Arko Resources Limited, the entire issued share capital of which is wholly owned by Mrs. Pei.
2. As confirmed by the Directors, they are not aware of the identity of the beneficial shareholder(s) of Tanton Holdings Limited.
3. Pursuant to the terms of the Placing Agreement, the Placing Agent has conditionally agreed to procure Placees for, and failing which, to purchase by itself as principal of these New Shares. Accordingly, the Placing Agent may become the holder of the Placing Shares immediately upon completion of the Placing Agreement. In such an event, the Placing Agent will take all reasonable steps to place the New Shares to Independent Third Parties as soon as possible. The Placing Agent has indicated that it has no intention to become a substantial Shareholder and agreements have been entered into with several other sub-placing agents to ensure that less than 30% of the issued share capital will be held by the Placing Agent and its concert parties upon completion of the Placing.
4. In the event that the Loans Settlement Agreement is approved by the Independent Shareholders at the SGM, about 24.39% of the then issued share capital of the Company will be held by the public. A sufficient amount of New Shares will either be placed by the Subscriber or the Company to Independent Third Parties immediately after Completion to ensure that no less than 25% of the then issued share capital of the Company will be held by the public Shareholders.

## **GENERAL**

### **The Group**

The SGM will be held to consider and if thought fit, pass the resolutions to approve (i) the Capital Reorganisation; (ii) the Share Subscription; (iii) the Whitewash Waiver; (iv) the Loans Settlement; and (v) the Placing.

By reason of the fact that Mrs. Pei is the Chairman of the Company, the Loans Settlement therefore constitutes connected transaction for the Company under Rule 14A.13 of the Listing Rules. The Loans Settlement is also a special deal under Rule 25 of the Takeovers Code. Accordingly, the same shall be subject to obtaining the approval by the Independent Shareholders at the SGM. The Subscriber, Arko Resources Limited, Mrs. Pei and their respective concert parties and associates will abstain from voting on the resolution approving the Loans Settlement at the SGM.

The Subscriber, Arko Resources Limited, Mrs. Pei and their respective concert parties and associates will also abstain from voting on the resolutions approving the Share Subscription, the Whitewash Waiver and the Placing at the SGM.

The Independent Board Committee will be formed to consider the terms of the Share Subscription, the Whitewash Waiver, the Loans Settlement and an independent financial adviser will be appointed in due course to advise the Independent Board Committee in these regards. An announcement will be made once the independent financial adviser has been appointed.

A Circular will be despatched to Shareholders in accordance with the requirements of the Takeovers Code and the Listing Rules. Pursuant to the requirements under Rule 8.2 of the Takeovers Code and Rule 14A.49 of the Listing Rules, the Circular must be issued to Shareholders within 21 days of the date of this announcement. However, it should be noted that completion of the Share Subscription is subject to, inter alia, (a) a proposal for the resumption in trading of the Shares on the Stock Exchange having been approved by the Stock Exchange and which proposal shall in all respects be satisfactory and acceptable to the Subscriber and all other relevant parties to the resumption proposal; (b) the Subscriber being reasonably satisfied that the New Shares will remain listed and shall resume trading on the Stock Exchange either unconditionally or subject to such conditions as the Subscriber may in its absolute discretion accept; and (c) no indication being received on or before the date of Completion from the Stock Exchange to the effect that the listing of the Shares may be withdrawn or objected to. The Company has applied to the Listing Appeals Committee for a review of the Listing (Review) Committee's decision and the hearing before the Listing Appeals Committee is scheduled to be held on 14 August 2007. In view of the above, both the Subscriber and the Company consider that it will be more appropriate to issue the Circular after the result of the said hearing is known. Application will be made to the Executive and the Stock Exchange for the delay in despatching the Circular pursuant to Rule 8.2 of the Takeovers Code. Further announcement(s) will be made by the Company and EPI (Holdings) Limited as and when necessary and in compliance with the Takeovers Code and the Listing Rules.

An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares, the Placing Shares, the Option Shares and the Loans Settlement Shares.

Save for the Loans Settlement Agreement, the Directors and the Subscriber confirm that so far as it is aware there are no

- (a) arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Subscription Agreement and/or the Whitewash Waiver;
- (b) agreements or arrangements to which the Subscriber is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription Agreement and/or Whitewash Waiver.

### **EPI (Holdings) Limited**

The Share Subscription constitutes a discloseable transaction for EPI (Holdings) Limited under the Listing Rules. A circular of EPI (Holdings) Limited containing the information about the Share Subscription will be despatched in accordance with the requirements of the Listing Rules. Shareholders of EPI (Holdings) Limited should note that the despatch of the circular of EPI (Holdings) Limited will be delayed in view of the reasons discussed above. Application for a waiver from strict compliance with Rule 14.38 of the Listing Rules will be made to the Stock Exchange.

## **SUSPENSION OF TRADING IN THE SHARES**

Trading in the Shares has been suspended since 9:30 a.m. on 6 February 2003.

On 11 December 2006, the Listing Committee has decided to cancel the listing of the Company.

The Listing (Review) Committee of the Stock Exchange considered an application from the Company for a review of the decision of the Listing Committee that the listing status of the Company should be cancelled by reason of its failure to meet the requirements of Rule 13.24 of the Listing Rules and the Listing (Review) Committee decided that the listing status of the Company should be cancelled. The Company has applied to the Listing Appeals Committee for a review of the Listing (Review) Committee's decision and the hearing before the Listing Appeals Committee is scheduled to be held on 14 August 2007.

Trading of the Shares will remain suspended. The listing status of the Shares will be subject to the decision of the Listing Appeals Committee and all relevant transactions will not go ahead if the Listing Appeals Committee approves the delisting of the Company.

**Completion of the Subscription Agreement is conditional upon the New Shares remaining listed and resuming trading on the Stock Exchange. Shareholders should note that the Shares may be delisted by the Stock Exchange in the event that the Company is unable to demonstrate to the satisfaction of the Stock Exchange that it is able to comply with Rule 13.24 of the Listing Rules. In such event, the Share Subscription will not proceed. Accordingly, shareholders and potential investors of EPI (Holdings) Limited should exercise caution when dealing in the shares of EPI (Holdings) Limited.**

#### **DEFINITIONS USED IN THIS ANNOUNCEMENT**

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	bye-laws of the Company
“Capital Reduction”	proposed reduction of the share capital of the Company as described in the section headed “Capital Reduction” above
“Capital Reorganisation”	proposed capital reorganisation of the Company comprising the Capital Reduction, the Share Consolidation and the Share Capital Increase
“Circular”	the circular of the Company containing, amongst other things, further details of the Capital Reorganisation, the Share Subscription, the Whitewash Waiver, the Placing, the Loans Settlement, a letter from the Independent Board Committee and a letter of advice from the independent financial adviser together with a notice of the SGM, to be despatched to Shareholders as required by the Listing Rules and the Takeovers Code
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Company”	Vision Tech International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	the completion of the Subscription Agreement
“Directors”	the directors of the Company
“EPI (Holdings) Limited”	a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 689)
“EPI Group”	EPI (Holdings) Limited and its subsidiaries
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising the independent non-executive Directors, namely, Mr. Lam Kwok Ming, Mr. Cheng Hong Cheung and Mr. Leung Wing On Louis
“Independent Shareholder(s)”	Shareholder(s) who are not interested in or involved in the Subscription Agreement, the Whitewash Waiver, the Placing Agreement and the Loans Settlement Agreement, being Shareholders other than Arko Resources Limited, Mrs. Pei and their respective concert parties and associates
“Independent Third Party(ies)”	a third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	5 February 2003, the date immediately prior to the suspension of trading of the Shares
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loans Settlement”	settlement of the amounts (which was approximately HK\$15.7 million as at the date of entering into of the Loans Settlement Agreement) due by the Group to Mrs. Pei pursuant to the terms of the Loans Settlement Agreement by way of:  (a) the issue of 108,502,600 New Shares to Mrs. Pei; and  (b) the payment of a sum of HK\$5 million to Mrs. Pei
“Loans Settlement Agreement”	a conditional agreement dated 18 May 2007 and entered into between the Company and Mrs. Pei to settle all amounts due by the Group to Mrs. Pei and her associates
“Loans Settlement Shares”	108,502,600 New Shares in the issued share capital of the Company to be issued to Mrs. Pei pursuant to the Loans Settlement Agreement
“Long Stop Date”	31 December 2007 (or such other date as may be agreed between the Company and the Subscriber)
“Material Adverse Change”	means any event, occurrence or development of a state of circumstances or facts which has had or reasonably could be expected to have a material and adverse effect on the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of any Group Company or the Group taken as a whole
“Mrs. Pei”	Mrs. Pei Chen Chi Kuen Delia, Chairman of the Company
“New Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company resulting from the Capital Reduction and the Share Consolidation
“Option”	a conditional option granted by the Company to the Placing Agent, exercisable at the sole discretion of the Placing Agent, if the approval of the Independent Shareholders to the Loans Settlement cannot be obtained and the prior written consent of the Subscriber to be exercised thereof has been obtained, to place up to an additional 108,502,600 New Shares, representing approximately 9.48% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and the Option Shares, at HK\$0.10 per New Share
“Option Shares”	an additional 108,502,600 New Shares to be placed by the Placing Agent pursuant to the terms of the Option under the Placing Agreement
“Placees”	the purchasers of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares and, where applicable, the Option Shares, pursuant to the terms of the Placing Agreement
“Placing Agent” or “President Securities”	President Securities (Hong Kong) Limited, a corporation licensed under the SFO to engage in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activity as defined in the SFO
“Placing Agreement”	a conditional placing agreement dated 18 May 2007 entered into between the Company and the Placing Agent in relation to the Placing or other placing agreement entered into in replacement thereof with the prior written consent of the Subscriber
“Placing Shares”	250,000,000 New Shares to be placed pursuant to the Placing Agreement
“PRC”	People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“SGM”	special general meeting of the Company to be convened and held for Shareholders to consider and, if thought fit, to approve the Subscription Agreement, the Capital Reorganisation, the Loans Settlement, the Placing and the transactions as contemplated thereunder
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company before the Capital Reorganisation
“Share Capital Increase”	proposed increase of the authorized share capital of the Company upon the Capital Reduction and Share Consolidation taking effect as set out in the section headed “Share Capital Increase” above
“Share Consolidation”	the proposed consolidation of every 10 (ten) shares in the issued and unissued share capital of the Company after the Capital Reduction into 1 (one) New Share

“Shareholder(s)”	holder(s) of Shares(s) or the New Share(s) (as the case may be)
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber upon and subject to the terms and conditions of the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Advanced Grade Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by EPI (Holdings) Limited
“Subscription Agreement”	the conditional subscription agreement dated 18 May 2007 entered into between the Company and the Subscriber in relation to the issue of and subscription for the Subscription Shares
“Subscription Price”	the subscription price of each Subscription Share of HK\$0.10
“Subscription Shares”	a total of 750,000,000 New Shares to be issued by the Company to the Subscriber pursuant to the Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation of the Subscriber to make a mandatory general offer for all the New Shares other than those held by the Subscriber and parties acting in concert with it
“%”	per cent.

*As at the date of this announcement, the directors of Vision Tech International Holdings Limited comprise three executive directors, namely, Mrs. Pei Chen Chi Kuen Delia, Dr. Pei Yaw Liang and Mr. Yang Chun Thomas; and three independent non-executive directors, namely, Mr. Lam Kwok Ming, Mr. Cheng Hong Cheung and Mr. Leung Wing On Louis.*

*As at the date of this announcement, the directors of EPI (Holdings) Limited 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 of  
**EPI (Holdings) Limited**  
**Wong Chi Wing, Joseph**  
*Chairman*

On behalf of the board of  
**Vision Tech International Holdings Limited**  
**Mrs. Pei Chen Chi Kuen, Delia**  
*Chairman*

Hong Kong SAR, 28 June 2007

\* *For identification purposes only*

*The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than that relating to the Group, 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.*

*The directors of Vision Tech International Holdings Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Subscriber, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than that relating to the Subscriber, 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.*

Please also refer to the published version of this announcement in China Daily.