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**MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF INTERESTS IN  
QINGYUAN JCCL EPI COPPER LIMITED**

On 19 November 2009 (after trading hours), Jolly Links Limited (as the Purchaser), Mr. Wang Guang Xhao (as the Guarantor) and the Vendor, which is a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share and the Sale Loan at a consideration of HK\$5,670,000. The principal asset of Big Base Group is its 9% indirect equity interest in JCCL EPI.

On the same date (after trading hours), Jolly Links Limited (as transferee), Mr. Wang Guang Xhao (as the Guarantor) and the Vendor (as transferor) entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell its 51% equity interest in JCCL EPI to the Purchaser at a consideration of HK\$32,130,000.

Based on the relevant percentage ratios calculations under the Listing Rules, the entering into of the Agreements, in aggregate, constitutes a major transaction of the Company and is therefore subject to the approval of the Shareholders at the SGM under Rule 14.40 of the Listing Rules.

A circular containing, among other things, further information on the Disposal and the Equity Transfer, financial information of the Group, the notice convening the SGM and the proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

## THE SALE AND PURCHASE AGREEMENT

**Date:** 19 November 2009 (after trading hours)

**Parties:**

Vendor: EPI Metals Limited, a wholly-owned subsidiary of the Company

Purchaser: Jolly Links Limited

Guarantor: Mr. Wang Guang Xhao

The Purchaser is an investment holding company. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiry, the Guarantor and the Purchaser are third parties independent of the Company and its connected persons. The Guarantor has entered into Sale and Purchase Agreement to guarantee the obligations and liabilities of the Purchaser under the Sale and Purchase Agreement.

**Asset to be disposed**

- (a) the Sale Share, being all shares in the issued and fully paid up ordinary share capital of Big Base as at the date of the Sale and Purchase Agreement; and
- (b) the Sale Loan, being the entire shareholder's loan owing by Big Base or (where applicable) Silver Luck to the Vendor as at Disposal Completion. As at the date of this announcement, the Sale Loan amounted to approximately HK\$8.7 million.

The principal asset of Big Base Group is its 9% indirect equity interest in JCCL EPI.

**Disposal Consideration**

The total consideration for the disposal of the Sale Share and the Sale Loan shall be HK\$5,670,000 which shall be paid by the Purchaser to the Vendor in the following manner:-

- (a) the sum of HK\$1,000,000 shall be paid within 14 days from the date of signing of the Sale and Purchase Agreement as deposit (the "Disposal Deposit"); and
- (b) the balance shall be paid upon Disposal Completion.

## **Conditions precedent:**

Disposal Completion shall be conditional upon:-

- (a) the warranties set out in the Sale and Purchase Agreement remaining true and accurate, and not misleading, in all material respects as at Disposal Completion;
- (b) (if required) approval by the Shareholders (or independent Shareholders, if required) of the Sale and Purchase Agreement and the transactions contemplated thereunder, (if required) at a general meeting of the Company, in compliance with the requirements of the Listing Rules; and
- (c) all other relevant requirements under the Listing Rules and/or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the Sale and Purchase Agreement and the transactions contemplated thereunder have been fulfilled, obtained and/or complied with by the Vendor and/or the Company.

The Purchaser may at its absolute discretion at any time waive condition (a) by written notice to the Vendor. Neither the Vendor nor the Purchaser may waive any of the conditions (b) and (c).

In the event that any of the conditions above is not fulfilled (or waived, if applicable) on or before 31 March 2010 (or such later date as may be agreed by the Vendor and the Purchaser in writing) and/or condition (a) above does not remain fulfilled (and is not waived by the Purchaser) on the date on which the Disposal Completion takes place, all rights, obligations and liabilities of the Vendor and the Purchaser shall cease and determine and none of the Vendor and the Purchaser shall have any claim against the other save and except rights and liabilities which have accrued prior to termination, and the Disposal Deposit shall be returned by the Vendor to the Purchaser forthwith but without interest.

## **THE EQUITY TRANSFER AGREEMENT**

**Date:** 19 November 2009 (after trading hours)

### **Parties:**

Transferor: the Vendor  
Transferee: the Purchaser  
Guarantor: Mr. Wang Guang Xhao

The Guarantor has entered into Equity Transfer Agreement to guarantee the obligations and liabilities of the Purchaser under the Equity Transfer Agreement.

### **Asset to be disposed**

the Transfer Shares, being 51% equity interest in JCCL EPI

## **Equity Transfer Consideration**

The total consideration for the transfer of the Transfer Shares shall be HK\$32,130,000 which shall be paid by the Purchaser to the Vendor in the following manner:-

- (a) the sum of HK\$2,500,000 shall be paid within 14 days from the date of signing of the Equity Transfer Agreement as deposit (the “Equity Transfer Deposit”); and
- (b) the balance shall be paid upon Equity Transfer Completion.

### **Conditions precedent:**

Equity Transfer Completion shall be conditional upon:-

- (a) approval by the Shareholders of the Equity Transfer Agreement and the transactions contemplated thereunder at a general meeting of the Company;
- (b) approval from other parties to the JV Agreement on the Equity Transfer Agreement and the transactions contemplated thereunder, and such parties’ waiver of their pre-emption rights in relation to the Equity Transfer;
- (c) approvals of the relevant PRC authorities for the Equity Transfer from the Vendor to the Purchaser; and
- (d) the warranties set out in the Equity Transfer Agreement remaining true and accurate, and not misleading, in all material respects as at Equity Transfer Completion.

The Purchaser may at its absolute discretion at any time waive condition (d) by written notice to the Vendor. In the event that any of the conditions above is not fulfilled (or waived, if applicable) within 120 days from the date of signing the Equity Transfer Agreement (or such later date as may be agreed by the Vendor and the Purchaser in writing) and/or condition (d) above does not remain fulfilled (and is not waived by the Purchaser) on the date on which the Equity Transfer Completion takes place, all rights, obligations and liabilities of the Vendor and the Purchaser shall cease and determine and none of the Vendor and the Purchaser shall have any claim against the other save and except rights and liabilities which have accrued prior to termination, and the Equity Transfer Deposit shall be returned by the Vendor to the Purchaser forthwith but without interest.

## **BASIS OF CONSIDERATIONS**

Each of the Disposal Consideration and the Equity Transfer Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser, with reference to, among other things, the loss-making performance of the JCCL EPI Group, the current market trend and business prospects of the JCCL EPI Group’s business and the net book value of the JCCL EPI Group of approximately HK\$79.6 million as at 30 June 2009.

JCCL EPI Group's business faces a great challenge in the year 2009. The disequilibrium in copper price traded between the PRC and overseas markets emerged in second half of 2009 and importing scrap copper into the PRC would incur losses. Such difficult market environment has negative impact on the profit margin of copper anode production.

The Considerations represent a discount of approximately HK\$10.0 million (approximately 20.9% discount) to the attributable net book value of the JCCL EPI Group as at 30 June 2009. In view of that, amongst other things, (i) the JCCL EPI Group has suffered substantial net loss of over HK\$52 million for the year ended 31 December 2008; and (ii) the Directors expect that the core business of the JCCL EPI Group would remain difficult in the near future, the Directors consider that the Considerations are acceptable.

### **INFORMATION ON THE BIG BASE GROUP AND JCCL EPI**

Big Base and Silver Luck are principally engaged in investment holdings and were incorporated on 19 April 2007 and 13 April 2007 respectively. Save for the investment in JCCL EPI, the Big Base Group does not engage in any significant business activities since incorporation and does not have any significant assets and liabilities. For the years ended 31 December 2007 and 31 December 2008, the Big Base Group recorded an unaudited loss both before and after taxation of approximately HK\$6,000 and HK\$27,000 respectively. As at 30 June 2009, the Big Base Group had an unaudited net deficit value of approximately HK\$24,000.

JCCL EPI is a 60% owned subsidiary of the Group as at the date of this announcement; 9% of which is held by Silver Luck and the remaining 51% is held by the Vendor. JCCL EPI is principally engaged in copper smelting and production of copper anode. The JCCL EPI Group recorded unaudited profit before and after tax of approximately HK\$27.7 million for the year ended 31 December 2007, and unaudited loss before and after tax of approximately HK\$52.4 million for the year ended 31 December 2008. As at 30 June 2009, the JCCL EPI Group had an unaudited net assets value of approximately HK\$79.6 million.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE EQUITY TRANSFER**

The Group is principally engaged in the sourcing and trading of non-ferrous metals and consumer electronics products. The Group also holds 60% interest in JCCI EPI which is engaged in copper smelting and production of copper anode. Over 90% of the revenue of the Group is derived from customers located in the PRC. According to the 2009 interim report of the Company, the Directors expect that the core business of the Group would remain difficult in the second half of 2009 and that the Company would invest in resource sector in the near future.

The Company considers that the Disposal and the Equity Transfer represent good opportunities for the Company to realise its investment in the original core business of copper smelting and production of copper anode on reasonable terms. Moreover, the Disposal and the Equity Transfer will allow the Company to better utilise its resources and focus on the development of its investment in the resource sector in the near future.

The Company expects to recognise a gain of approximately HK\$3.5 million in the accounts of the Company upon Disposal Completion. Upon Disposal Completion, Big Base will cease to be subsidiary of the Company, and the Company will no longer have any interest in Big Base.

The Company expects to recognise a loss of approximately HK\$13.5 million in the accounts of the Company upon Equity Transfer Completion. Upon Equity Transfer Completion, JCCL EPI will cease to be subsidiary of the Company, and the Company will no longer have any interest in JCCL EPI.

The Company intends to use the sales proceeds as general working capital of the Group.

Based on the above, the Directors consider that the terms of each of the Disposal and the Equity Transfer are fair and reasonable, and that each of the Disposal and the Equity Transfer are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Based on the relevant percentage ratios calculations under the Listing Rules, the entering into of the Agreements, in aggregate, constitutes a major transaction of the Company and is therefore subject to the approval of the Shareholders at the SGM under Rule 14.40 of the Listing Rules.

A circular containing, among other things, further information on the Disposals and the Equity Transfer, financial information of the Group, the notice convening the SGM and the proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Agreements”	the Sale and Purchase Agreement and the Equity Transfer Agreement
“Board”	the board of Directors
“Big Base”	Big Base Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Group as at the date of this announcement
“Big Base Group”	Big Base and its subsidiaries
“Business Day”	any day on which banks in Hong Kong generally are open for clearing and settlement business, except a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.

“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange
“Completions”	the Disposal Completion and the Equity Transfer Completion
“Considerations”	the Disposal Consideration and the Equity Transfer Consideration
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Completion”	completion of the Sale and Purchase Agreement
“Disposal Consideration”	HK\$5,670,000 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement
“Equity Transfer”	the transfer of the Transfer Share from the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor and the Purchaser on 19 November 2009 in relation to the Equity Transfer
“Equity Transfer Completion”	completion of the Equity Transfer Agreement
“Equity Transfer Consideration”	HK\$32,130,000 payable by the Purchaser to the Vendor pursuant to the Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wang Guang Zhao, being the ultimate 100% beneficial owner of the Purchaser
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“JCCL EPI”	清遠江銅長盈銅業有限公司 (Qingyuan JCCL EPI Copper Limited), an equity joint venture company incorporated in the PRC with limited liability and is owned as to 60% by the Group and 40% by Jiangxi Copper Company Limited as at the date of this announcement

“JCCL EPI Group”	JCCL EPI and its subsidiaries
“JV Agreement”	collectively (i) the agreement dated 26 November 2006 entered into among the Vendor, Jiangxi Copper Company Limited and 清遠市同德電器實業有限公司 (Qingyuan Tongde Electric Industrial Co. Ltd.) governing the operation of JCCL EPI; (ii) the supplemental agreements dated 21 December 2006, 15 January 2007, 26 July 2007 entered into among the Vendor, Jiangxi Copper Company Limited and 清遠市同德電器實業有限公司 (Qingyuan Tongde Electric Industrial Co. Ltd.); and (iii) the supplemental agreements dated 30 July 2007 and 16 January 2008 entered into among the Vendor, Jiangxi Copper Company Limited and Silver Luck
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Jolly Links Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 19 November 2009 in relation to the Disposal
“Sale Loan”	the shareholder’s loan owing by Big Base or (where applicable) Silver Luck to the Vendor as at Disposal Completion
“Sale Share”	being 1 fully paid up share of US\$1.00 par value in the capital of Big Base and legally owned by the Vendor, representing 100% of the issued share capital of Big Base
“SGM”	the special general meeting of the Company to be convened and, if thought fit, to approve the Agreements and the transactions contemplated thereunder
“Shareholders”	shareholders of the Company
“Silver Luck”	Silver Luck Holdings Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Big Base
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Transfer Shares” 51% equity interest in JCCL EPI

“Vendor” EPI Metals Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 19 November 2009

*As at the date of this announcement, the Board comprises of two executive Directors, namely, Mr. Wong Chi Wing, Joseph and Mr. Chu Kwok Chi, Robert, one non-executive Director, namely Mr. Leung Hon Chuen and three independent non-executive Directors, namely Mr. Zhu Tiansheng, Mr. Qian Zhi Hui and Mr. Poon Kwok Shin, Edmond.*

\* *for identification purpose only*