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**PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**Placing Agent**



**英皇融資有限公司  
Emperor Capital Limited**

**Financial Adviser to the Company**



**英皇證券(香港)有限公司  
Emperor Securities Limited**

**PLACING AND SUBSCRIPTION OF SHARES**

On 12 October 2009 (after trading hours), the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place, through the Placing Agent, up to 820,000,000 Shares to independent investors at a price of HK\$0.225 per Share. The Placing Shares amount to approximately 19.84% of the existing issued share capital of the Company of 4,132,148,570 Shares and approximately 16.56% of the share capital of 4,952,148,570 Shares as enlarged by the Subscription.

On 12 October 2009 (after trading hours), the Vendor also entered into the Subscription Agreement with the Company pursuant to which the Vendor has agreed to subscribe up to 820,000,000 new Shares at the price of HK\$0.225 per Share. The Subscription Shares amount to approximately 19.84% of the existing issued share capital of the Company of 4,132,148,570 Shares and approximately 16.56% of the share capital of 4,952,148,570 Shares as enlarged by the Subscription.

As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 1,719,146,000 Shares, representing approximately 41.60% of the existing issued share capital of the Company. The shareholding of the Vendor, together with parties acting in concert with it, will be reduced to 899,146,000 Shares, representing approximately 21.76% of the issued share capital of the Company upon completion of the Placing and prior to the issue of the Subscription Shares, and will be increased to 1,719,146,000 Shares upon issue of the Subscription Shares, representing approximately 34.72% of the issued share capital of the Company as enlarged by the Subscription Shares.

The Placing is unconditional, but the completion of the Subscription is conditional upon (i) the completion of the Placing; (ii) the granting of the listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange; and (iii) if required, the granting of a waiver by the SFC from the obligation of the Vendor and/or any party acting in concert with it to make a general offer to acquire all the issued Shares under Rule 26 of the Takeovers Code.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 October 2009 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 15 October 2009.

### **THE PLACING AGREEMENT DATED 12 OCTOBER 2009**

#### **Vendor**

The Vendor is Climax Associates Limited, a substantial shareholder of the Company. As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 1,719,146,000 Shares, representing approximately 41.60% of the existing issued share capital of the Company.

#### **Placing Agent**

The Placing Agent, Emperor Securities Limited, and its ultimate beneficial owners are, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, are Independent Third Parties.

## **Independence of Placees**

The placees (being not less than six independent individuals and/or institutional investors) are independent of, not connected with the Company and the directors, chief executive and substantial shareholder of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules) and they (including their ultimate beneficial owners) are independent of and not acting in concert with the Vendor and its concert parties for the purpose of the Takeovers Code.

## **Placing Price**

The Placing Price is HK\$0.225 per Share and represents:

- a) a discount of 19.64% to the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on 12 October 2009, being the last trading day before the publication of this announcement; and
- b) a discount of 19.93% to the average of the closing price of the Shares of HK\$0.281 per Share quoted on the Stock Exchange for the five trading days up to and including 12 October 2009.

The Placing Price was arrived at after arm's length negotiation between the Company, the Vendor and the Placing Agent. The Directors consider the Placing Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Number of Shares to be placed**

Up to 820,000,000 Shares will be placed, through the Placing Agent, to independent investors. The Placing Shares represent approximately 19.84% of the existing issued share capital of the Company of 4,132,148,570 Shares and approximately 16.56% of the share capital of 4,952,148,570 Shares as enlarged by the Subscription.

## **Placing commission**

The Placing Agent shall receive a placing commission of 0.75% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

## **Completion of the Placing**

The Placing is unconditional. Completion will take place on the third business day on which the Shares are traded on the Stock Exchange after the date of this announcement or such other date as may be agreed between the parties.

## **THE SUBSCRIPTION AGREEMENT DATED 12 OCTOBER 2009**

### **Parties**

Issuer:                   The Company

Subscriber:              The Vendor

### **Number of new Shares to be subscribed**

The Vendor has conditionally agreed to subscribe for such number of new Shares as is equal to the number of the Placing Shares successfully placed. As such, up to 820,000,000 new Shares will be subscribed by the Vendor, which amount to approximately 19.84% of the existing issued share capital of the Company of 4,132,148,570 Shares and approximately 16.56% of the share capital of 4,952,148,570 Shares as enlarged by the Subscription.

### **Subscription Price**

The Subscription Price for the Subscription Shares is HK\$0.225 per Share and is equal to the Placing Price. The Company will bear all costs and expenses incurred in connection with the Subscription and reimburse the Vendor for all costs and expenses incurred by it in connection with the Placing and the Subscription.

The Directors consider that the terms of the Subscription are fair and reasonable under the current market condition and in the interest of the Company and its shareholders as a whole.

### **Mandate to issue the Subscription Shares**

The Subscription Shares under the Subscription will be issued and allotted under the general mandate granted to the Directors at the annual general meeting of the Company held on 6 July 2009 for 826,269,714 Shares. The Company has not issued any Shares pursuant to such general mandate since it was granted.

### **Ranking of the Subscription Shares**

The Subscription Shares when fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue on the completion date of the Subscription.

## **Condition of the Subscription**

The Subscription is conditional upon:

- (i) the completion of the Placing;
- (ii) the granting of the listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange; and
- (iii) if required, the granting of a waiver by the SFC from the obligation of the Vendor and/or any party acting in concert with it to make a general offer to acquire all the issued Shares under Rule 26 of the Takeovers Code.

As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 1,719,146,000 Shares, representing approximately 41.60% of the existing issued share capital of the Company. The shareholding of the Vendor, together with parties acting in concert with it, will be reduced to 899,146,000 Shares, representing approximately 21.76% of the issued share capital of the Company upon completion of the Placing and prior to the issue of the Subscription Shares, and will be increased to 1,719,146,000 Shares upon issue of the Subscription Shares, representing approximately 34.72% of the issued share capital of the Company as enlarged by the Subscription Shares. The subscription of the Subscription Shares will trigger off an obligation on the Vendor and the parties acting in concert with it to make a mandatory general offer for all the issued Shares not already owned or agreed to be subscribed by them.

An application will be made to the Executive for a waiver from the obligation of the Vendor to make a general offer under Rule 26 of the Takeovers Code to acquire all the issued Shares pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code.

In the event that the conditions are not fulfilled on or before 26 October 2009 (or such later date as the parties may mutually agree) the rights and obligations of the parties under the Subscription Agreement shall cease and be of no further effect, in which event the parties hereto shall be released from such obligations without any liability save as to any antecedent breach and provided that any right or remedies which shall have accrued shall not be prejudiced or affected. None of the above conditions can be waived.

**As the Subscription is subject to the fulfillment of a number of conditions, the Subscription may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## **Completion**

Completion of the Subscription is expected to take place on or before 26 October 2009, being 14 days after the date of the Placing Agreement. Under Rule 14A.31(3)(d) of the Listing Rules, completion of the Subscription is required to take place within 14 days after the date of the Placing Agreement otherwise Independent Shareholders' approval would be required for the Subscription.

## **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting of the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR AND BENEFIT OF THE PLACING AND SUBSCRIPTION**

The Company is an investment holding company. Its subsidiaries are principally engaged in the sourcing and trading of non ferrous metals and consumer electronics products. The principal activities of the Group's jointly controlled entity are the provision of copper smelting and production of copper anode.

The Directors consider the Placing and Subscription offers a good opportunity to raise further capital, to broaden its shareholders' and capital base as well as to strengthen the financial position of the Group.

The gross proceeds of the Subscription will be approximately HK\$184.50 million and the net proceeds will be approximately HK\$177.5 million after deducting all related expenses (including professional advisors fees and printing costs). The Company intends to apply the net proceeds as general working capital and future business development of the Group. The net price to be raised per Share from the Subscription will be approximately HK\$0.216 per Share.

The Directors consider that the terms Placing Agreement and the Subscription Agreement are fair and reasonable and they are in the interests of the Company and its Shareholders as a whole.

No fund raising exercise was carried out during the twelve months period immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) after the completion of the Placing and the Subscription will be as follows:

	Existing		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor ( <i>Note 1</i> )	1,208,146,000	29.23	388,146,000	9.39	1,208,146,000	24.40
Rich Concept Worldwide Limited ( <i>Note 2</i> )	3,331,277	0.08	3,331,277	0.08	3,331,277	0.07
Wong Chi Wing, Joseph	9,000,000	0.22	9,000,000	0.22	9,000,000	0.18
Chu Kwok Chi, Robert	3,306,383	0.08	3,306,383	0.08	3,306,383	0.07
Cheng Hairong	495,362,340	11.99	495,362,340	11.99	495,362,340	10.00
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The Vendor together with parties acting in concert with it	1,719,146,000	41.60	899,146,000	21.76	1,719,146,000	34.72
Poon Kwok Shin, Edmond ( <i>Note 2</i> )	2,000,000	0.05	2,000,000	0.05	2,000,000	0.04
Placees	–	–	820,000,000	19.84	820,000,000	16.56
Other Public Shareholders	2,411,002,570	58.35	2,411,002,570	58.35	2,411,002,570	48.68
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>4,132,148,570</u>	<u>100.00</u>	<u>4,132,148,570</u>	<u>100.00</u>	<u>4,952,148,570</u>	<u>100.00</u>

Notes:

- (1) The Vendor is a company owned as to 71.83% by Rich Concept Worldwide Limited (a company beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company) and 28.17% by Mr. Chu Kwok Chi Robert (an executive Director).
- (2) Rich Concept Worldwide Limited is a company beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company.
- (3) Mr. Poon Kwok Shin, Edmond is an independent non-executive Director.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 October 2009 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 15 October 2009.

## TERMS USED IN THIS ANNOUNCEMENT

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Company”	EPI (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the securities of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Executive”	has the meaning ascribed to it in the Takeovers Code
“Independent Third Parties”	parties who are independent of the Company and connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Emperor Securities Limited
“Placing Agreement”	the placing agreement dated 12 October 2009 entered into between the Vendor and the Placing Agent in relation to the placing of up to 820,000,000 existing Shares at a placing price of HK\$0.225 per Share
“Placing Price”	HK\$0.225 per Placing Share
“Placing Shares”	up to 820,000,000 existing Shares to be placed pursuant to the Placing
“SFC”	The Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares of HK\$0.01 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of up to 820,000,000 new Shares by the Vendor pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 12 October 2009 entered between the Vendor and the Company for the subscription of up to 820,000,000 new Shares by the Vendor
“Subscription Price”	HK\$0.225 per Subscription Share
“Subscription Shares”	the 820,000,000 new Shares to be issued to the Vendor pursuant to the Subscription Agreement
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“Vendor”	Climax Associates Limited, a company owned as to 71.83% by Rich Concept Worldwide Limited (a company beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, the Chairman of the Company) and 28.17% by Mr. Chu Kwok Chi Robert (an executive Director)

By order of the Board  
**EPI (Holdings) Limited**  
**Wong Chi Wing, Joseph**  
*Chairman*

Hong Kong, 14 October 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 two independent non-executive Directors, namely Mr. Qian Zhi Hui and Mr. Poon Kwok Shin, Edmond.*

*The Directors jointly and severally accept full responsibility for the accuracy of 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.*