

Interim Report

2009

CORPORATE PROFILE

EPI is a high growth company that focuses on the non-ferrous metals and resource sector, with a business scope covering mining and resource investment, scrap metals sourcing and trading and copper anode production.

Through strategic mergers and acquisitions, the Group is accelerating its growth by providing Chinese state-owned enterprises with high quality services that add value to their operations and enterprise value. The Group also operates an OEM/ODM consumer electronics business supplying customers in the USA, Europe and Latin America. EPI's mission is to achieve sustainable and high returns for its shareholders and to become a leading player in non-ferrous metals and resources in Asia.

FINANCIAL SUMMARY

The Board (the "Board") of Directors (the "Directors") of EPI (Holdings) Limited is pleased to present the unaudited consolidated results of the Company and its subsidiary (the "Group") for the six months ended 30 June 2009 (the "Period").

HK\$'000

	2009 1H	2008 1H	Change
Turnover	466,403	1,368,217	-65.91%
Gross profit	15,838	90,621	-82.52%
Profit attributable to equity holders of the Company	78,685	20,517	+283.51%
Gross profit margin	3.40%	6.62%	
Net profit margin	16.87%	1.50%	
Earnings per share attributable to equity holders of the Company			
– Basic HK cents	1.905	0.50	+281%
– Diluted HK cents	1.905	0.49	+288.78%

FINANCIAL POSITIONS

HK\$'000

	2009 1H	2008	Change
Cash and bank balances	104,340	99,388	+4.98%
Total assets	1,221,438	1,286,483	-5.06%
Borrowings	166,438	307,338	-45.85%
Long term debts	nil	nil	
Total equity	850,629	814,367	+4.45%

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EPI (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

EXECUTIVE DIRECTORS

Mr. Wong Chi Wing Joseph (Chairman & CEO)

Mr. Cheng Hairong (Deputy Chairman)

Mr. Chu Kwok Chi Robert

NON-EXECUTIVE DIRECTOR

Mr. Leung Hon Chuen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Kwok Shin Edmond

Mr. Qian Zhi Hui

Mr. Xu Mingshe

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hong Kin Choy

PRINCIPAL BANKER (HONG KONG)

Bank of Communication Company Limited,

Hong Kong Branch

Citic Ka Wah Bank Limited

DBS Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL BANKER (PRC)

Bank of China Limited

China Minsheng Banking Corporation Limited

Shenzhen Development Bank Company Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM 08 Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

AUDIT COMMITTEE

Mr. Poon Kwok Shin Edmond (Chairman
of the Audit Committee)

Mr. Leung Hon Chuen

Mr. Xu Mingshe

REMUNERATION COMMITTEE

Mr. Leung Hon Chuen (Chairman of
the Remuneration Committee)

Mr. Poon Kwok Shin Edmond

Mr. Xu Mingshe

NOMINATION COMMITTEE

Mr. Wong Chi Wing Joseph (Chairman of
the Nomination Committee)

Mr. Leung Hon Chuen

Mr. Poon Kwok Shin Edmond

Mr. Xu Mingshe

REGISTERED OFFICE

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INVESTORS CONTACT

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SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

Deloitte Touche Tohmatsu

SHARE INFORMATION

Place of listing: Main Board of The

Stock Exchange of Hong Kong Limited

Stock Code: 0689

Board lot: 20,000 shares

Financial year end: 31 December

Share price at 30 June 2009: HK\$0.177

Market capitalization at 30 June 2009: HK\$731 million

WEBSITE ADDRESS

www.epiholdings.com

To the Shareholders,

I am pleased to announce the interim results of the company on behalf of the board and EPI (Holdings) Limited.

The first half of the Year 2009 began to see the driving force of our investments contribution in terms of the group's earnings attributable to the shareholders. Our investment and sales of Vision Tech International Holdings Limited has provided our shareholders with a favorable return. The total net proceeds of approximately HK\$164 million will be a good source of funding for our future investment acquisition.

To remain as a fast growing company, our direction is to invest in resource sector with focus on mature projects that is close to production and can generate immediate contribution to the group's earnings in the near future. During the period, we have accelerated the progress in our mining and resources investment in oil and gas and the company resources will be focus in this sector.

The sourcing and smelting of scrap copper remains difficult as the supply remains tight in the recycle metal industry. And we have experienced a drastic decrease year on year in the sourcing and smelting business sales turnover due to the decrease in scrap metal sourcing volume. We foresee the major key revenue contributor for the next few years will be from our mining and oil and gas business.

Financial Results and Dividends

The turnover for the first half of the year 30 June 2009 was HK\$466 million represented a decrease of 66% as compared to the corresponding period in last year. The Group recorded a net profit for the period of HK\$60.9 million. The profit attributable to owners of the company was HK\$78.7 million, representing a 283% increase in comparison to the corresponding period in last year.

The Board of Directors does not recommend payment of a dividend.

Joseph Wong Chi Wing

Chairman and CEO

GROUP FINANCIAL REVIEW

In the first six months of 2009, the Group's turnover was HK\$466 million represented a decrease of 66% as compared to the same period of last year. Gross profit was HK\$15.8 million, decreased by 82% from that of the corresponding period of last year. The profit for the period attributable to the owners of the company was HK\$78.7 million, recorded a growth of 283% as compared to that of the corresponding period of last year. The substantial increase in profit attributable to the owners of the company was mainly due to the HK\$16.6 million gain on disposal of Vision Tech International Holdings Limited, a subsidiary company listed on The Stock Exchange of Hong Kong Limited, and the gain on fair value changes on listed securities of HK\$63.9 million taken to the profit and loss during the period.

BUSINESS AND OPERATIONS REVIEW

While the market needs time to recover from the financial meltdown in 2008, the Group had been forced to reduce its business activities and the sales volume in the first half of 2009.

Comparison of business results for the first six months of 2009 and 2008**Metals sourcing and trading**

	Six months ended		
	2009	2008	Change
	HK\$'000	HK\$'000	
Turnover	331,737	611,898	-45.79%
Segment (loss)/profit	(2,532)	43,266	-105.85%

The sourcing of scrap copper remained difficult during the period. The gross profit margin dropped from 10.85% to 5.35% during the review periods. To maintain a profitable business margin, our sourcing team had increased its sourcing product from scrap copper to copper cathodes and scrap aluminum, where the market offered a higher margin from our cost plus approach.

We have continued to increase our sourcing product mix and subsequently added zinc and nickel to improve the overall profit margin of the Group. Due to the order and shipment lead time, the business volume did not reflect in the first half of this year.

Joint venture smelting business**Copper anode production**

	Six months ended		
	2009	2008	Change
	HK\$'000	HK\$'000	
Turnover	125,195	528,280	-76.30%
Segment profit	411	11,716	-96.49%

The joint venture company have streamlined its operations and applied stringent cost measure policies with cost reductions in all management and operational levels. The joint venture company have sold scrap copper directly to Jiangxi Copper and cut the production of copper anode for the period. They have also hedged against the copper price fluctuation and mitigated any copper price fluctuation risk. All of the above measures taken had proved to be successful during the difficult period. We will remain the present strategy for the year, as we foresee the business margin in the production of copper anode remain slim.

6 Management Discussion and Analysis

Consumer electronics business

	Six months ended		
	2009	2008	Change
	HK\$'000	HK\$'000	

Turnover	45,563	228,039	-80.02%
Segment profit/(loss)	314	(7,972)	+103.94%

The group sold DVD Combos and home theatres to USA and Latin America. The financial and economic shrinkage from the USA and Latin America countries had affected a substantial decrease in the turnover. Despite the decrease in business volume, the team had successfully improved its gross profit margin from 3.04% to 4.4% during the review periods by cautious servicing to its customers needs.

Condensed Consolidated Statement of Comprehensive Income

For the six months period ended 30 June 2009

The Board of Directors (the "Board") of EPI (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively "EPI" or the "Group") for the six months ended 30 June 2009 (the "Interim Period"), together with the comparative figures for the corresponding period ended 30 June 2008 as follows:

	Notes	For the six months ended 30 June 2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Continuing operations			
Revenue	3	466,403	1,368,217
Cost of sales		(450,565)	(1,277,596)
Gross profit		15,838	90,621
Other income		66,155	4,497
Distribution and selling expenses		(5,752)	(15,234)
Administrative expenses		(23,754)	(36,931)
Other expenses	4	(4,152)	(18,948)
Finance costs	5	(3,964)	(3,883)
Profit before tax	6	44,371	20,122
Income tax charge	7	(86)	(3,085)
Profit for the period from continuing operations		44,285	17,037
Discontinued operation			
Profit for the period from discontinued operation	15	16,611	–
Profit for the period		60,896	17,037
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(509)	4,322
Other comprehensive income for the period		(509)	4,322
Total comprehensive income for the period		60,387	21,359
Profit for the period attributable to:			
Owners of the Company		78,685	20,517
Non-controlling interests		(17,789)	(3,480)
		60,896	17,037
Total comprehensive income attributable to:			
Owners of the Company		78,176	24,839
Non-controlling interests		(17,789)	(3,480)
		60,387	21,359
Earnings per share (Hong Kong cents)			
From continuing and discontinued operations			
– Basic	8	1.905	0.50
– Diluted		1.905	0.49
From continuing operations			
– Basic		1.503	0.50
– Diluted		1.503	0.49
Dividend paid	9	–	10,328

Condensed Consolidated Statement of Financial Position

As at 30 June 2009

	Notes	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		36,852	43,334
Goodwill	10	–	14,996
Prepaid lease payments		22,467	22,729
Financial asset at fair value through profit and loss		2,684	2,684
		62,003	83,743
Current assets			
Inventories		214,098	47,785
Loan receivables		15,962	30,000
Trade and other receivables	11	662,677	930,253
Held-for-trading investments		117,586	24,836
Derivative financial instruments		11,996	25,205
Trade receivable from a joint venture partner		9,648	1,024
Prepaid lease payments		532	538
Pledged bank deposits		22,596	43,711
Bank balances and cash		104,340	99,388
		1,159,435	1,202,740
Current liabilities			
Trade and other payables	12	190,458	140,940
Derivative financial instruments		–	22
Borrowings	13	166,438	307,338
Current tax liabilities		13,913	23,816
		370,809	472,116
Net current assets		788,626	730,624
Total assets less current liabilities		850,629	814,367
Capital and reserves			
Issued capital	14	41,313	41,313
Reserves		809,316	731,062
Equity attributable to owners of the Company		850,629	772,375
Share options reserve of a subsidiary		–	2,238
Non-controlling interests		–	39,754
Total equity		850,629	814,367

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the Company										
	Share capital	Contributed			Share options	Warrants	Retained	Share options		Non-controlling	Total
		premium	surplus	Translation				reserve of a	interest		
HK\$'000	HK\$'000	reserve (Note)	reserve	reserve	reserve	profits	Sub-total	subsidiary	interest	HK\$'000	
At 1 January 2008 (audited)	41,350	591,793	60,322	3,552	12,293	10,832	61,710	781,852	-	-	781,852
Exchange differences arising on translation of foreign operations, representing total income recognised directly in equity	-	-	-	4,322	-	-	-	4,322	-	-	4,322
Profit for the year	-	-	-	-	-	-	20,517	20,517	-	(3,480)	17,037
Total comprehensive income for the period	-	-	-	4,322	-	-	20,517	24,839	-	(3,480)	21,359
Shares repurchased and cancelled	(77)	(2,361)	-	-	-	-	-	(2,438)	-	-	(2,438)
Recognition of share-based payment expense	-	-	-	-	1,600	-	-	1,600	-	-	1,600
Exercise of share options	40	875	-	-	-	-	-	915	-	-	915
Lapse of warrants	-	-	-	-	-	(10,832)	10,832	-	-	-	-
Dividend paid	-	-	-	-	-	-	(10,328)	(10,328)	-	-	(10,328)
Acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	45,608	45,608
Balance at 30 June 2008 (unaudited)	41,313	590,307	60,322	7,874	13,893	-	82,731	796,440	-	42,128	838,568
Balance at 1 January 2009	41,313	590,547	60,322	6,563	15,409	-	58,221	772,375	2,238	39,754	814,367
Exchange differences arising on translation of foreign operations, representing total income recognised directly in equity	-	-	-	(509)	-	-	-	(509)	-	-	(509)
Profit for the period	-	-	-	-	-	-	78,685	78,685	-	(17,789)	60,896
Total comprehensive income for the period	-	-	-	(509)	-	-	78,685	78,176	-	(17,789)	60,387
Disposal of subsidiary	-	-	-	-	-	-	-	-	(2,238)	(21,965)	(24,203)
Recognition of share-based payment expense	-	-	-	-	78	-	-	78	-	-	78
At 30 June 2009 (unaudited)	41,313	590,547	60,322	6,054	15,487	-	136,906	850,629	-	-	850,629

Notes:

The contributed surplus reserve represents the credit arising from capital reduction.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	For the Six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Cash from operations	60,032	99,288
Hong Kong profits tax paid	(7,618)	(1,967)
NET CASH FROM OPERATING ACTIVITIES	52,414	97,321
INVESTING ACTIVITIES		
Interest received	331	617
Additions of prepaid lease payments	10	(1,058)
Decrease in loan receivables	14,038	1,500
Decrease (Increase) in pledged bank deposits	17,115	(2,917)
Disposal / Acquisition of a subsidiary	73,075	53,358
Increase in held-for-trading investments	(6,900)	–
Net disposal / (Purchase) of property, plant and equipment	242	(2,302)
NET CASH FROM INVESTING ACTIVITIES	97,911	49,198
FINANCING ACTIVITIES		
Dividend paid	–	(10,328)
Net payment of bank borrowings	(140,900)	(30,504)
Net payment on repurchase of shares	–	(2,438)
Proceeds from issue of shares upon exercise of share options	–	915
Interest paid	(3,964)	(3,883)
NET CASH (USED IN) FINANCING ACTIVITIES	(144,864)	(46,238)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,461	100,281
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(509)	4,322
CASH AND CASH EQUIVALENTS AT 1 JANUARY	99,388	145,047
CASH AND CASH EQUIVALENTS AT 30 JUNE	104,340	249,650
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	104,340	249,650

For the six months period ended 30 June 2009

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2009 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34, *Interim Financial Reporting*.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2009.

Presentation of financial statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, geographical segments by location of the Group's assets that is also the location of the Group's operations, are the basis on which the Group reports its primary segment information. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

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

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 2 (Amendment)	Group cash-settled share based payments transactions ³
HKFRS 3 (Revised in 2008)	Business combinations ¹
HK (IFRIC) - Int 17	Distributions of non-cash assets to owners ¹
HK (IFRIC) - Int 18	Transfers of assets from customers ⁴

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

- ¹ Effective for annual periods beginning on or after 1 July 2009.
- ² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
- ³ Effective for annual periods beginning on or after 1 January 2010.
- ⁴ Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating segments” with effect from 1 January 2009, resulted in changes as set out in note 2. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Chief Executive Officer.

The following is an analysis of the Group’s revenue and results by operating segments for the periods under review:

Six months ended 30 June 2009 (unaudited)

	Metals sourcing and trading HK\$'000	Production of copper anode HK\$'000	Consumer electronics HK\$'000	Elimination HK\$'000	Total HK\$'000
Continuing operations					
Revenue					
External sales	295,645	125,195	45,563	–	466,403
Inter-segment sales	36,092	–	–	(36,092)	–
	331,737	125,195	45,563	(36,092)	466,403
Segment profit/(loss)	(2,532)	411	314	–	(1,807)
Interest income					1,794
Other income					64,361
Unallocated corporate expenses					(16,013)
Finance cost					(3,964)
Profit before taxation					44,371
Income tax charge					(86)
Profit for the period					44,285
Discontinued operation					
Revenue					
External sales	–	–	1,773	–	1,773
Inter-segment sales	–	–	–	–	–
	–	–	1,773	–	1,773
Segment loss	–	–	(2,845)	–	(2,845)
Other income					350
Unallocated corporate expenses					(39,626)
Finance cost					(155)
Gain on disposal					58,887
Profit before taxation					16,611
Income tax charge					–
Profit for the period					16,611
Consolidated profit for the period					60,896

Notes to the Condensed Consolidated Interim Financial Statements**3. REVENUE AND SEGMENT INFORMATION – CONTINUED**

Six months ended 30 June 2008 (Unaudited)

	Metals sourcing and trading HK\$'000	Production of copper anode HK\$'000	Consumer electronics HK\$'000	Total HK\$'000
Continuing operations				
Revenue				
External sales	611,898	528,280	228,039	1,368,217
Segment profit/(loss)	43,266	11,716	(7,972)	47,010
Interest income				617
Other income				3,880
Unallocated corporate expenses				(27,502)
Finance cost				(3,883)
Profit before taxation				20,122
Income tax charge				(3,085)
Consolidated profit for the period				17,037

All the Group's segments assets and capital expenditure incurred during the period are located in the PRC (including Hong Kong), which is considered as one geographical location in an economic environment with similar risks and returns. In addition, over 90% of the Group's revenue by geographical market based on location of customer are also located in the PRC. Accordingly, no geographical segment revenue analysis is presented.

4. OTHER EXPENSES

	For the six months ended	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Expenses incurred in exploring potential investment opportunities	1,000	–
Restructuring expenses	–	4,718
Change in fair value of financial assets classified as		
– held-for-trading	–	8,321
– derivative financial instruments	3,152	5,909
	4,152	18,948

5. FINANCE COSTS

	For the six months ended	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings wholly repayable within five years	3,964	3,883

6. PROFIT BEFORE TAX

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

	For the six months ended	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,512	600
Operating leases on land and building	2,520	3,907
Staff costs, including directors' emoluments	10,495	13,410
Share based payment under options scheme	78	1,600
Bank interest income	(331)	(617)

7. INCOME TAX CHARGE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the six months ended 30 June 2009 and the six months ended 30 June 2008.

Notes to the Condensed Consolidated Interim Financial Statements

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	For the six months ended	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	78,685	20,517
Number of shares		
Weight average number of ordinary shares for the purpose of basic earnings per share	4,131,348	4,128,995
Effect of dilutive potential ordinary shares: Options	–	79,342
Weight average number of ordinary shares for the purpose of diluted earnings per share	4,131,348	4,208,337
From continuing operations		
Profit for the period attributable to owners of the Company	78,685	20,517
Less: profit for the period from discontinued operation	(16,611)	–
Earnings for the purposes of basic and diluted earnings per share from continuing operations	62,074	20,517

9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

10. GOODWILL

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
At the beginning of the period	14,996	14,996
Derecognised on the disposal of Vision Tech International Holdings Limited	(14,996)	–
At the end of the period	–	14,996

Notes to the Condensed Consolidated Interim Financial Statements

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
Trade receivables	490,854	738,299
Bills receivables	2,645	30,912
	493,499	769,211
Other tax recoverable	16,159	9,185
Prepayments to an associated company of a joint venture partner	–	67,129
Prepayments to other suppliers	–	35,140
Margin deposits to financial institutions	–	34,468
Other receivable and deposits	153,019	15,120
	662,677	930,253

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade and bills receivables at the balance sheet date:

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
0-30 days	212,888	204,854
31-60 days	57,618	105,298
61-90 days	222,993	165,497
91-120 days	–	293,562
	493,499	769,211

Notes to the Condensed Consolidated Interim Financial Statements**12. TRADE AND OTHER PAYABLES**

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
Trade payables	58,520	41,972
Bills payables	114,354	44,916
	172,874	86,888
Deposits received from a jointly controlled entity	10,296	40,561
Other payables and accruals	7,288	13,491
	190,458	140,940

The following is an aged analysis of trade and bills payables at the balance sheet date:

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
0-30 days	172,874	35,280
31-60 days	-	-
61-90 days	-	4,439
91-180 days	-	44,916
Over 180 days	-	2,253
	172,874	86,888

13. BORROWINGS

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
Borrowing which are repayable within one year comprise the following:		
Bank loans	44,754	213,753
Trust receipts loans	121,684	93,585
	166,438	307,338
Analysed as:		
Secured	121,684	93,585
Unsecured	44,754	213,753
	166,438	307,338

The ranges of effective interest rate (which are also equal to contracted interest rate) on Group's borrowings are as follow:

	As at 30 June 2009 (Unaudited)	As at 31 December 2008 (Audited)
Effective interest rate:		
Fixed-rate borrowings	4.86%	6.12% to 10.48%
Variable-rate borrowings	3.05% to 5.00%	2.50% to 10.48%

14. ISSUED CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 January 2008, 31 December 2008 and 30 June 2009	25,000,000,000	250,000
Issued and fully paid:		
At 31 December 2008 and 30 June 2009	4,131,348,570	41,313

15. DISPOSAL OF A SUBSIDIARY

On 21 May 2009, the Group disposed of Vision Tech International Holdings Limited (VT), a subsidiary listed on the Stock of Exchange of Hong Kong Limited. The proceeds on disposal of HK\$84.2 million were received in cash.

The results of the VT for the relevant periods were as follows:

	Period from 1/1/09-21/5/09
	HK\$'000
	(Unaudited)
Loss of operation	(42,276)
Profit on disposal	58,887
	16,611
Turnover	1,773
Operating costs	(44,049)
Loss for the period	(42,276)

The net assets of VT at the date of disposal were as follows:

Net assets disposal of	40,309
Attributable goodwill	(14,996)
	25,313
Profit on disposal	58,887
Total consideration	84,200
Satisfied by cash, and net cash inflow arising on disposal	84,200

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2009, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in Shares and underlying Shares

Director	Number of Shares			Total interests	Approximate percentage of the issued share capital of the company
	Beneficial owner	Controlled corporation (note 1)	Equity derivatives (note 2)		
Wong Chi Wing, Joseph	9,000,000	1,708,146,000	24,380,000	1,741,526,000	42.15%
Cheng Hairong	-	-	24,380,000	24,380,000	0.59%
Chu Kwok Chi Robert	2,000,000	-	2,000,000	4,000,000	0.10%
Leung Hon Chuen	-	-	2,380,000	2,380,000	0.06%
Xu Mingshe	-	-	2,000,000	2,000,000	0.05%
Poon Kwok Shin, Edmond	1,200,000	-	2,380,000	3,580,000	0.09%

Notes

- These Shares are held by Climax Associates Limited which is 51% owned by Rich Concept Worldwide Limited, a company wholly owned by Mr. Wong Chi Wing Joseph, a Director, 29% owned by Mr. Cheng Hairong, a Director and 20% by Mr. Chu Kwok Chi Robert, a Director.
- These represent the interests in share options granted to the Directors as beneficial owner under a share option scheme of the Company adopted on 6 November 2006.
- The calculation of percentages is based on 4,131,348,570 Shares of the Company in issue as at 30 June 2009.

Save as disclosed above, no Directors or Chief Executive have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required in the Listing Rules pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, according to the register of interests maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") and so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, other than the Directors and the chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group

and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital were as follows:

The Company

Name of Shareholders	Position	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Climax Associates Limited (Note 1)	Long	Beneficial owner	1,708,146,000	41.35%
Rich Concept Worldwide Limited (Note 2)	Long	Interest of a controlled corporation	1,708,146,000	41.35%

Notes

1. Climax Associates Limited is 51% owned by Rich Concept Worldwide Limited.
2. Rich Concept Worldwide Limited is wholly owned by Mr. Wong Chi Wing, Joseph, a Director and Chairman of the Company.

Saved as disclosed above, as at 30 June 2009, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, no persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or has any options in respect of such capital.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 6 November 2006 pursuant to an Ordinary Resolution passed at the Special General Meeting of the Shareholders held on 6 November 2006 for the purpose of providing incentives or rewards to selected employees and directors for their contribution to the Group.

Under the Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible vendors, customers, advisors and consultants to the Company and its subsidiaries at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, Independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, Independent non-executive directors, or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be also approved by the Company's shareholders.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

As at 30 June 2009, the total number of shares available for issue under the Scheme was 210,060,000, representing 5.08% of the issued share capital of the Company on that date.

Details of the share options outstanding as at 30 June 2009 under the Scheme were as follows:

Grantee	Number of share options					Date of Grant	Exercisable period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
	At 1 January 2009	Grant during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 June 2009				
Directors									
Mr. Wong Chi Wing Joseph	8,380,000	-	-	-	8,380,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	8,000,000	-	-	-	8,000,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	8,000,000	-	-	-	8,000,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
Mr. Cheng Haihong	8,380,000	-	-	-	8,380,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	8,000,000	-	-	-	8,000,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	8,000,000	-	-	-	8,000,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
Mr. Chu Kwok Chi Robert	680,000	-	-	-	680,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	1,320,000	-	-	-	1,320,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Leung Hon Chuen	800,000	-	-	-	800,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	400,000	-	-	-	400,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	1,180,000	-	-	-	1,180,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Employees									
	44,440,000	-	-	-	44,440,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	47,440,000	-	-	-	47,440,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	45,260,000	-	-	-	45,260,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
	4,700,000	-	-	-	4,700,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	7,700,000	-	-	-	7,700,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
	1,000,000	-	-	-	1,000,000	15 August 2007	15 August 2008 to 15 August 2011	0.642	0.64
	1,000,000	-	-	-	1,000,000	15 August 2007	15 August 2009 to 15 August 2011	0.642	0.64
	1,000,000	-	-	-	1,000,000	15 August 2007	15 August 2010 to 15 August 2011	0.642	0.64
Total	210,060,000	-	-	-	210,060,000				

INTERIM DIVIDEND

The board of directors of the Company has resolved that no interim dividend be paid for the period (2008: NIL).

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

During the six months ended 30 June 2009, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities during the said period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the period ended 30 June 2009, the Company has complied with the CG Code with deviations from the code provision A.2.1 and A.4.1 of the CG Code as summarized below.

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Chi Wing Joseph is the chairman and chief executive officer of the company. The Company recognizes the importance of segregating the duties of the chairman and the chief executive officer and has tried its best to identify a high caliber executive to take up either one of these roles. A suitable candidate has not yet been identified but the Company will continue to look for the right person for the post.

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently the non-executive directors were not appointed for a specific term. However, all non-executive directors were subject to retirement and offer themselves for re-election at each Annual General Meeting in accordance with the Company's Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Upon specific enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated accounts for the six months ended 30 June 2009 with the Directors.

The Audit Committee comprises two Independent Non-executive Directors, namely Mr. Poon Kwok Shin Edmond (Chairman of the Audit Committee) and Mr. Xu Mingshe and one Non-executive Director, Mr. Leung Hon Chuen. Mr. Poon is a certified public accountant.

BOARD OF DIRECTORS

As at the date of this report the Board comprises three executive Directors, namely, Mr. Wong Chi Wing, Joseph, Mr. Cheng Hairong and Mr. Chu Kwok Chi, Robert, one non-executive Director, namely Mr. Leung Hon Chuen and three independent non-executive Directors, namely, Qian Zhi Hui, Mr. Xu Mingshe, and Mr. Poon Kwok Shin, Edmond.

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

Hong Kong, 15 August 2009

Definitions and Conversions of Weights and Measures

COPPER



Copper cathode



Copper anode



Copper ingot

SCRAP COPPER



No. 1 Cu minimum 97%



No. 2 Cu 94-96%



Light Copper

Definitions and Conversions of Weights and Measures

CONVERSION OF WEIGHTS AND MEASURES

1 troy ounce = 31.1 grams

1 kilogram = 32.15 troy ounces

1 kilogram = 2.2046 pounds

1 metric tonne = 1,000 kilograms

1 metric tonne = 2,204.6 pounds

1 metric tonne = 1.1023 short tons

1 short ton = 2,000 pounds

1 long ton = 2,240 pounds

1 gram per metric tonne = 0.02917 troy ounces per short ton

1 gram per metric tonne = 0.03215 troy ounces per metric tonne

1 kilometre = 0.6214 miles

Disclaimer

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