
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **EPI (Holdings) Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

Financial adviser to EPI (Holdings) Limited



* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	6
The Subscription Agreement	7
Whitewash Waiver	11
Information on the Vision Tech Group	12
Capital Reorganisation of Vision Tech	12
The Loans Settlement Agreement of Vision Tech	15
The Placing Agreement of Vision Tech	16
Use of proceeds from the issue of the Subscription Shares and the Placing Shares	20
Reasons for and the benefits of the Subscription	20
Listing Rules implications	20
Additional information	21
Appendix – General information	22

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Capital Reduction”	the proposed reduction of the share capital of Vision Tech
“Capital Reorganisation”	the proposed capital reorganisation of Vision Tech comprising the Capital Reduction, the Share Consolidation and the Share Capital Increase
“Company”	EPI (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
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“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 Vision Tech Shareholder(s)”	independent Vision Tech 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 Vision Tech Shareholders other than Arko Resources Limited, Mrs. Pei and their respective concert parties and associates
“Independent Third Party(ies)”	a third party independent of Vision Tech and its connected persons

DEFINITIONS

“Joint Announcement”	the joint announcement of the Company and Vision Tech dated 28 June 2007 in relation to, among other things, the Subscription Agreement
“Last Trading Date”	5 February 2003, the trading date immediately prior to the suspension of trading of the Vision Tech Shares
“Latest Practicable Date”	18 July 2007, being the latest practicable date prior to printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans Settlement”	settlement of the amounts (which was approximately HK\$15.1 million as at the Latest Practicable Date) due by the Vision Tech Group to Mrs. Pei pursuant to the terms of the Loans Settlement Agreement
“Loans Settlement Agreement”	a conditional agreement dated 18 May 2007 entered into between Vision Tech and Mrs. Pei to settle all amounts due by the Vision Tech Group to Mrs. Pei and her associates
“Loans Settlement Shares”	108,502,600 New Vision Tech Shares in the issued share capital of Vision Tech to be issued to Mrs. Pei pursuant to the Loans Settlement Agreement
“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 companies of the Vision Tech Group or the Vision Tech Group taken as a whole
“Mrs. Pei”	Mrs. Pei Chen Chi Kuen Delia, Chairman of Vision Tech, currently holding the entire issued share capital of Arko Resources Limited, a substantial shareholder of Vision Tech, which held 19.51% of the existing issued share capital of Vision Tech as at the Latest Practicable Date
“New Vision Tech Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Vision Tech resulting from the Capital Reduction and the Share Consolidation

DEFINITIONS

“Option”	a conditional option granted by Vision Tech to the Placing Agent, exercisable at the sole discretion of the Placing Agent, if the approval of the Independent Vision Tech 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 Vision Tech Shares, representing approximately 9.48% of the existing issued share capital of Vision Tech as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and the Option Shares, at HK\$0.10 per New Vision Tech Share
“Option Shares”	an additional 108,502,600 New Vision Tech 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 to be procured by the Placing Agent 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 Vision Tech 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 Vision Tech Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company

DEFINITIONS

“Share Capital Increase”	the proposed increase of the authorised share capital of Vision Tech upon the Capital Reduction and Share Consolidation taking effect
“Share Consolidation”	the proposed consolidation of every 10 (ten) shares in the issued and unissued share capital of Vision Tech after the Capital Reduction into 1 (one) New Vision Tech Share
“Shareholders”	the holders of the Shares
“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 a direct wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber upon and subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 18 May 2007 entered into between the Subscriber and Vision Tech in relation to the issue of and subscription for the Subscription Shares
“Subscription Price”	the subscription price of HK\$0.10 for each Subscription Share
“Subscription Shares”	a total of 750,000,000 New Vision Tech Shares to be issued by Vision Tech to the Subscriber pursuant to the Subscription Agreement
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vision Tech”	Vision Tech International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Vision Tech Director(s)”	the director(s) of Vision Tech
“Vision Tech Group”	Vision Tech and its subsidiaries

DEFINITIONS

“Vision Tech SGM”	the special general meeting of Vision Tech to be convened and held for Vision Tech Shareholders to consider and, if thought fit, to approve the Subscription Agreement, the Capital Reorganisation, the Loans Settlement Agreement, the Placing Agreement, and the transactions contemplated thereunder
“Vision Tech Share(s)”	share(s) of HK\$0.10 each in the share capital of Vision Tech before the Capital Reorganisation
“Vision Tech Shareholder(s)”	holder(s) of Vision Tech Shares(s) or the New Vision Tech Share(s) (as the case may be)
“Warrantholders”	holders of the warrants issued by the Company on 28 June 2007
“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 Vision Tech Shares other than those held by the Subscriber and parties acting in concert with it
“%”	per cent.

LETTER FROM THE BOARD



(Incorporated in Bermuda with limited liability)

(Stock Code: 689)

Executive Directors:

Mr. Wong Chi Wing, Joseph
Mr. Cheng Hairong
Mr. Chu Kwok Chi, Robert

Non-executive Director:

Mr. Leung Hon Chuen

Independent non-executive Directors:

Mr. Xu Mingshe
Mr. Wu Xiaoke
Mr. Poon Kwok Shin, Edmond

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Room 6303, 63/F
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

20 July 2007

To the Shareholders and the Warrantholders

Dear Sirs,

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

INTRODUCTION

On 28 June 2007, the Company and Vision Tech announced that on 18 May 2007, the Subscriber and Vision Tech entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and Vision Tech has conditionally agreed to issue and allot 750,000,000 New Vision Tech Shares at a price of HK\$0.10 per New Vision Tech Share.

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

Completion is conditional upon, among other terms and conditions as set forth therein, the New Vision Tech Shares remaining listed and resuming trading on the Stock Exchange. Shareholders should note that the Vision Tech Shares may be delisted by the Stock Exchange in the event that Vision Tech 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 Subscription will not proceed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

This circular provides you with information regarding the Subscription and other information required under the Listing Rules.

THE SUBSCRIPTION AGREEMENT

Date

18 May 2007

Parties

Issuer: Vision Tech

Subscriber: Advanced Grade Investments Limited, a direct wholly-owned subsidiary of the Company

To the best of the knowledge, information and belief, and having made all reasonable enquiries, Vision Tech, Arko Resources Limited, the substantial shareholder of Vision Tech, and the ultimate beneficial owner of Arko Resources Limited are third parties independent of the Company and its connected person.

The Subscription Shares

Vision Tech has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe from Vision Tech, HK\$75,000,000 for a total of 750,000,000 New Vision Tech 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 Vision Tech (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 Vision Tech (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 Vision Tech (upon completion of the Capital Reorganisation) as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

LETTER FROM THE BOARD

The Subscription Shares, when allotted and issued, will rank pari passu in all respects amongst themselves and with the Vision Tech Shares 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 Vision Tech 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 Vision Tech Shareholders at the Vision Tech SGM. Application will be made by Vision Tech 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 Vision Tech Shares, represents:

- (a) a discount of approximately 79.59% to the theoretical closing price of HK\$0.49 per New Vision Tech Share based on the closing price of HK\$0.049 per Vision Tech Share on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 80.08% to the average theoretical closing price of HK\$0.502 per New Vision Tech Share based on the average closing price of HK\$0.0502 per Vision Tech Share for the last 5 trading days up to and including the Last Trading Date;
- (c) a discount of approximately 80.77% to the average theoretical closing price of HK\$0.52 per Vision Tech Share based on the average closing price of HK\$0.052 per Vision Tech Share for the last 10 trading days up to and including the Last Trading Date; and
- (d) a premium over the net deficiency value of Vision Tech of approximately HK\$0.02 per Vision Tech Share based on the Vision Tech 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 Vision Tech and the Subscriber. In determining the Subscription Price, Vision Tech and the Subscriber have taken into consideration, among other things, the suspension of trading in the Vision Tech Shares on the Stock Exchange after the Last Trading Date and the unaudited consolidated net liabilities of Vision Tech as at 30 September 2006 of approximately HK\$9.1 million.

LETTER FROM THE BOARD

Conditions Precedent

Completion 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 Vision Tech Shareholders, or, if so required by the Stock Exchange, Independent Vision Tech Shareholders in general meeting in respect of the Capital Reorganisation and the Subscription and any other transactions contemplated hereunder and thereunder;
- (d) where applicable, the passing of the necessary resolution(s) by the Independent Vision Tech Shareholders (by way of poll) in general meeting to approve the Whitewash Waiver;
- (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 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 Vision Tech Group to be conducted by the Subscriber;
- (g) a proposal for the resumption in trading of the Vision Tech 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 Vision Tech 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 Vision Tech 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;

LETTER FROM THE BOARD

- (l) the representations, warranties and undertakings given by Vision Tech and Mrs. Pei (as set out in the Subscription Agreement) 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; and
- (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 Vision Tech 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 31 December 2007 (or such other date as may be agreed between Vision Tech and the Subscriber), 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 31 December 2007 (or such other date as may be agreed between Vision Tech and the Subscriber), 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. As at the Latest Practicable Date, none of the conditions above has been fulfilled.

LETTER FROM THE BOARD

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 New Vision Tech Shares, which represent:

- (a) approximately 95.36% of the issued share capital of Vision Tech (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 Vision Tech (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 Vision Tech (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 Vision Tech to the Subscriber upon Completion, the Subscriber and parties acting in concert with it will hold 750,000,000 New Vision Tech Shares (representing approximately 65.51% of the issued share capital of Vision Tech 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 Vision Tech Shareholders to acquire all the New Vision Tech 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 Vision Tech Shareholders in respect of the Whitewash Waiver at the Vision Tech SGM where voting on the relevant resolution shall be decided by way of poll; (ii) the Subscriber and parties acting in concert with it not having acquired any Vision Tech Shares in the six (6) months prior to the date of the Joint Announcement but subsequent to negotiations, discussions or the reaching of understanding or agreements with the Vision Tech Directors in relation to the Subscription; and (iii) the Subscriber and parties acting in concert with it not having any acquisitions or disposals of the Vision Tech Shares or New Vision Tech Shares between the date of the Joint Announcement and the Completion.

Save for the Subscription, none of the Subscriber and parties acting in concert with it has dealt in the Vision Tech Shares, outstanding options, derivatives, warrants or other securities convertible into the Vision Tech Shares in the six (6) months prior to and as at the date of the Joint Announcement. As at the Latest Practicable Date, the Subscriber and parties acting in concert with it did not hold any Vision Tech Shares.

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

Further details of the Whitewash Waiver will be set out in a circular to be despatched to the Vision Tech Shareholders by Vision Tech.

LETTER FROM THE BOARD

INFORMATION ON THE VISION TECH GROUP

The principal businesses of the Vision Tech Group involve the trading and distribution of audio-visual products and home appliances. The operating results and financial position of the Vision Tech 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 annual reports of Vision Tech for the two years ended 31 March 2006 and the unaudited interim report of Vision Tech for the six months ended 30 September 2006 are as follows:

	Six months ended/as at 30 September 2006 (unaudited) <i>HK\$'000</i>	Year ended/as at 31 March 2006 (audited) <i>HK\$'000</i>	Year ended/as at 31 March 2005 (audited) <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 Vision Tech Share (HK\$)	(0.025)	(0.021)	(0.019)

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

In view of the current financial position of the Vision Tech Group, the Vision Tech Directors have proposed the Capital Reorganisation to Vision Tech Shareholders and has entered into the Subscription Agreement, the Loans Settlement Agreement and the Placing Agreement with a view to strengthen its financial position.

Set out below are the summary of each of the Capital Reorganisation, the Loans Settlement Agreement and the Placing Agreement.

CAPITAL REORGANISATION OF VISION TECH

The Capital Reorganisation comprises the Capital Reduction, the Share Consolidation and Share Capital Increase:

(a) Capital Reduction

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

As at the Latest Practicable Date, the authorised share capital of Vision Tech was HK\$60,000,000 divided into 600,000,000 Vision Tech Shares of HK\$0.10 each, and the issued share capital of Vision Tech was HK\$36,460,000 divided into 364,600,000 Vision Tech Shares. Each and every of the Vision Tech Shares comprising the said issued share capital of Vision Tech has been paid up or deemed to have been paid up.

LETTER FROM THE BOARD

In consequence of the Capital Reduction, the authorised share capital of Vision Tech will be reduced from HK\$60,000,000 to HK\$6,000,000 and the issued share capital of Vision Tech 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 Vision Tech by HK\$32,814,000 in creating a corresponding reserve of HK\$32,814,000. The accumulated losses of Vision Tech 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 Vision Tech 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 Vision Tech as at 31 March 2006. Having completed the setting-off as aforesaid, it is anticipated that the accumulated losses of Vision Tech will have been reduced to approximately HK\$11.3 million.

(b) Share Consolidation

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

As at the Latest Practicable Date, the authorised share capital of Vision Tech was HK\$60,000,000 divided into 600,000,000 Vision Tech Shares of HK\$0.10 each, and the issued share capital of Vision Tech was HK\$36,460,000 divided into 364,600,000 Vision Tech Shares. Immediately after completion of the Capital Reduction and the Share Consolidation, the authorised share capital of Vision Tech will be reduced to HK\$6,000,000, divided into 60,000,000 New Vision Tech Shares of HK\$0.10 each and the issued share capital of Vision Tech will be reduced to HK\$3,646,000 divided into 36,460,000 New Vision Tech Shares of HK\$0.10 each. The New Vision Tech Shares will rank pari passu in all respects amongst themselves.

(c) Share Capital Increase

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

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 Vision Tech Shareholders at the Vision Tech SGM;
- (b) the publication of a notice of the Capital Reduction in Bermuda in accordance with the Companies Act 1981 of Bermuda (as amended); and

LETTER FROM THE BOARD

- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Vision Tech 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 Vision Tech Shareholders of the necessary resolutions in relation thereto at the Vision Tech SGM.

As at the Latest Practicable Date, none of the conditions of the Capital Reorganisation has been fulfilled.

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 Vision Tech Group or the rights of Vision Tech 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 Vision Tech, that is, before and after completion of the implementation of the Capital Reorganisation:

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

Details of the Capital Reorganisation have been set out in the Joint Announcement and further details will be included in a circular to be despatched by Vision Tech to the Vision Tech Shareholders.

LETTER FROM THE BOARD

THE LOANS SETTLEMENT AGREEMENT OF VISION TECH

Date

18 May 2007

Loans Settlement

Vision Tech and Mrs. Pei have agreed to settle in full all amount owing by the Vision Tech Group to Mrs. Pei and her associates by way of:

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

As at the Latest Practicable Date, the total amount of the outstanding loan owed by Vision Tech to Mrs. Pei was approximately HK\$15.1 million and no amount was owing by the Vision Tech Group to her associates. Upon completion of the Loans Settlement Agreement, the Vision Tech Group will not have any balances payable to Mrs. Pei and her associates.

Loans Settlement Shares

The 108,502,600 New Vision Tech Shares represent approximately 9.48% of the issued share capital of Vision Tech (upon completion of the Capital Reorganisation) 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 Vision Tech Shareholders at the Vision Tech SGM.

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 Vision Tech Shareholders by way of poll at the Vision Tech SGM of the necessary resolution approving the Loans 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 Vision Tech nor Mrs. Pei 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 Vision Tech may agree in writing), the obligations of the parties under the Loans Settlement Agreement shall lapse and the Loans Settlement

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, none of the conditions above has been fulfilled.

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 Vision Tech Shares in issue or to be issued by Vision Tech on or prior to completion of the Loans Settlement including the rights to all dividends and other distributions declared, made or paid at any time after the date of issue and allotment.

Details of the Loans Settlement Agreement have been set out in the Joint Announcement and further details will be included in a circular to be despatched by Vision Tech to the Vision Tech Shareholders.

THE PLACING AGREEMENT OF VISION TECH

Date

18 May 2007

Placing Agent

President Securities, an Independent Third Party and is not acting in concert with Vision Tech, any of the Vision Tech Directors and substantial shareholders of Vision Tech, the Subscriber and parties in acting in concert with any of them.

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 Vision Tech Shares, which such New Vision Tech Shares representing:

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

The Option

Pursuant to the Placing Agreement, Vision Tech 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 Vision Tech Shares, representing approximately 9.48% of the existing issued share capital of Vision Tech as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and the Option Shares, at HK\$0.10 per New Vision Tech 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 only when (a) the resolution

LETTER FROM THE BOARD

in relation to the Loans Settlement Agreement is not approved by Independent Vision Tech Shareholders at the Vision Tech SGM; and (b) the prior written consent of the Subscriber has been obtained, and within 7 business days after the Vision Tech SGM.

Vision Tech granted the Option to the Placing Agent so that Vision Tech 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 Vision Tech Shareholders at the Vision Tech 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 Vision Tech Shareholders at Vision Tech 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 Vision Tech under the Placing Agreement.

Neither Vision Tech 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 Vision Tech), the contract constituted by the Placing Agreement shall terminate and none of Vision Tech or the Placing Agent shall have any claim against the other for damages, compensation or otherwise save in respect of any antecedent breach. As at the Latest Practicable Date, none of the conditions above were fulfilled.

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

LETTER FROM THE BOARD

- (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 Vision Tech; 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 Vision Tech Shares immediately after fulfillment (or waiver) of all the conditions of the Placing Agreement and has not commenced the said placing up to the Latest Practicable Date. 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

The Placing price of HK\$0.10 per Placing Share was agreed between Vision Tech and the Placing Agent after their arm's length negotiations and is identical to the Subscription Price.

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 Vision Tech 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 date of completion of the Placing Agreement:

- (a) there develops, occurs or comes into effect:
 - (1) 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

LETTER FROM THE BOARD

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;

- (2) 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;
 - (3) 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 Vision Tech Group;
 - (4) 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
 - (5) the instigation of any litigation or claim of material importance by any third party against any member of the Vision Tech Group.
- (b) it comes to the notice of the Placing Agent that any of the representations, warranties, or undertakings of Vision Tech contained 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 Vision Tech Group,

and which, in the sole and absolute opinion of the Placing Agent, is likely to be materially adverse to Vision Tech or the Vision Tech 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 Vision Tech to terminate the Placing and the Placing Agreement.

Details of the Placing Agreement have been set out in the Joint Announcement and further details will be included in a circular to be despatched to the Vision Tech Shareholders by Vision Tech.

LETTER FROM THE BOARD

USE OF PROCEEDS FROM THE ISSUE OF THE SUBSCRIPTION SHARES AND THE PLACING SHARES

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. As stated in the Joint Announcement, the Vision Tech Directors intend to apply the net proceeds in the following manner:

- (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 Vision Tech 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.

As stated in the Joint Announcement, 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 Vision Tech Directors intend to utilize the said sum to settle part of the amounts due to Mrs. Pei and her associates.

REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (i) non-ferrous metals business; and (ii) the sale and marketing of consumer electronic products. Although as stated in the Company's 2006 annual report that the Group has gradually diversified its business to non-ferrous metal business after completion of restructuring proposal of the Company, the Directors confirm that the Group has no intention of discontinuing its business in the sale and marketing of consumer electronic products.

Upon Completion, Vision Tech will become a non wholly-owned indirect subsidiary of the Company and the results of the Vision Tech Group will be consolidated to the financial statements of the Group. The Subscription will not have immediate material impact to the total assets, liabilities and results of the Group upon Completion.

Following Completion, the Subscriber intends that the Vision Tech Group will continue its existing principal business of trading and distribution of audio-visual products and home appliance. The Subscriber would also assist the Vision Tech 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 of directors of Vision Tech and certain senior management of the Vision Tech 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 Vision Tech Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Vision Tech Group, if any, will be in compliance with the Listing Rules. The Subscriber has no intention of injecting any assets or business to the Vision Tech Group. The Vision Tech Group will continue to seek new business opportunities

LETTER FROM THE BOARD

to improve the Vision Tech Group's profitability and prospects, and may diversify into other businesses should suitable opportunities arise. Nonetheless, no specific investment target has been identified up to the Latest Practicable Date.

Based on the Subscription Price, the payment term of the Subscription and the value of the Vision Tech Group, the Directors are of the view that the Subscription is on normal commercial terms, and the terms of which are fair and reasonable and the entering into of the Subscription Agreement is beneficial to the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Subscription constitutes a discloseable transaction of the Company.

ADDITIONAL INFORMATION

Completion is conditional upon, among other terms and conditions as set forth therein, the New Vision Tech Shares remaining listed and resuming trading on the Stock Exchange. Shareholders should note that the Vision Tech Shares may be delisted by the Stock Exchange in the event that Vision Tech 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 Subscription will not proceed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Your attention is drawn to the additional information set out in the appendix to this circular.

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

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this circular misleading.

DISCLOSURE OF INTERESTS

Interests of Directors

- (i) As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company or any of their respective associates in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) 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 he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the Listing Rules were as follows:

Long positions in Shares and underlying Shares

Director	Beneficial owner	Number of Shares		Total interests	Approximate percentage of the issued share capital of the Company
		Controlled corporation (note 1)	Equity derivatives (note 2)		
Wong Chi Wing,	4,000,000(L)	1,710,930,000(L)	24,380,000(L)	1,739,310,000(L)	41.82%
Joseph	–	50,000,000(S)	–	50,000,000(S)	1.20%
Cheng Hairong	–	–	24,380,000(L)	24,380,000(L)	0.59%
Chu Kwok Chi,					
Robert	–	–	4,000,000(L)	4,000,000(L)	0.10%
Leung Hong Chuen	–	–	2,380,000(L)	2,380,000(L)	0.06%
Xu Mingshe	–	–	2,000,000(L)	2,000,000(L)	0.05%
Poon Kwok Shin,					
Edmond	–	–	3,580,000(L)	3,580,000(L)	0.09%

Notes:

1. *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, 29% owned by Mr. Cheng Hairong, a Director and 20% by Mr. Chu Kwok Chi Robert, a Director.*
2. *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.*
3. *“L” refers to the long position in the Shares held by such person, while “S” refers to short position in the Shares held by such person.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

- (ii) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which were, since 31 December 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.
- (iii) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.
- (iv) As at the Latest Practicable Date, other than Mr. Wong Chi Wing, Joseph being a Director, a director of Climax Associates Limited which is interested in 1,710,930,000 Shares and a director of Rich Concept Worldwide Limited, which is interested in 51% of the issued share capital of Climax Associates Limited and Mr. Cheng Hairong being a Director and a director of Climax Associates Limited, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests of substantial Shareholders

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the Directors and the chief executive of the Company, the persons, other than the Directors and the chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares 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, interested in

10% 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 persons' interest in such securities, together with 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 (<i>Note 1</i>)	Long	Beneficial owner	1,710,930,000(L) 50,000,000(S)	41.13% 1.20%
Rich Concept Worldwide Limited (<i>Note 2</i>)	Long	Interest of a controlled corporation	1,710,930,000(L) 50,000,000(S)	41.13% 1.20%

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.*
3. *"L" refers to the long position in the Shares held by such entity, while "S" refers to short position in the Shares held by such entity.*

Save as disclosed above, as at the Latest Practicable Date, the Directors or the chief executive of the Company were not aware of any other persons or corporations (other than a Director or the chief executive of the Company and the respective companies controlled by them whose interests have been disclosed above) who had an interest or short position in the Shares or underlying Shares 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 was, directly or indirectly, interested in 10% 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 members of the Group, or in any options in respect of such capital.

COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any direct or indirect interest in a business which competed or was likely to compete with the business of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any other members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

GENERAL

- (i) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (ii) The secretary and qualified accountant of the Company is Mr. Hong Kin Choy, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (iii) The English text of this circular shall prevail over the Chinese text thereof.