

**EPI Announces 2007 Annual Results**

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**Attributable Profit Reached HK\$63.5 million**

Expanding Horizons in China's Non-Ferrous Metals and Mining Investment

**Financial Highlights**

- Turnover was HK\$2,053 million, a surge of 6.75 times as compared to HK\$265 million in 2006
- EBITDA was HK\$75.9 million
- Profit attributable to shareholders was HK\$63.5 million, approximately 35 times higher than last year (2006: HK\$1.77 million\*)
- Basic earnings per share were HK 1.64 cents, 7.63 times above last year (2006: HK 0.19 cents\* )
- Solid financials with net cash at HK\$172 million
- Final dividend per share of HK 0.25 cents (2006: Nil)

\* with the exclusion of HK\$263 million exceptional gain on debts restructuring

(Hong Kong, 24 April 2008) – **EPI (Holdings) Limited** (“EPI” or the “Group”, SEHK: 689) announced its annual results for the year ended 31 December 2007.

During the year under review, the Group's turnover increased by 6.75 times to HK\$2,053 million from HK\$265 million when compared with the previous year. EBITDA (earnings before interest, taxation, depreciation and amortization less interest income) for the year was HK\$75.9 million, surged 3,704% as compared with last year, with the exclusion of HK\$263 million exceptional gain on debts restructuring in 2006. EBITDA margin rose strongly from 0.75% to 3.7% as a result of the successful diversification into non-ferrous metals business. Profit attributable to shareholders increased approximately 35 times to HK\$63.5 million (2006: HK\$1.77 million with the exclusion of HK\$263 million exceptional gain on debts restructuring). The Group has a strong net cash position as at 31 December 2007, with approximately HK\$172 million of cash and bank balance.

The Board of Directors is pleased to recommend payment of a final dividend of HK 0.25 cents per share for the year ended 31 December 2007 (2006: Nil).

**Mr. Joseph Wong, Chairman and CEO of EPI**, said, “I am pleased to report that the year 2007 saw positive results both in the establishment of our non-ferrous metal business, and in the formulation of a clear strategic platform for future high growth. Our short-term strategy remains to build and expand our core scrap copper and non-ferrous metals supply chain business to provide us with a stable revenue income. At the same time, to generate medium to long-term sustainable revenue for the Group, we are strongly focusing on mining and resources investment business.”

## **Business Review**

The non-ferrous metals business made a major contribution to the Group's sales revenue and net profit in fiscal year 2007. Total sales revenue for the Group was HK\$2,053 million for the year, representing a year-on-year increase of 675%. The sales revenue mix of the different segments was 57.9% metals sourcing and trading, 36.5% production of copper anode and 5.6% consumer electronics.

### ***Non-ferrous Metals Business***

#### **Metals Sourcing and Trading**

EPI Metals Limited, the overseas sourcing business of the Group, recorded sales revenue of HK\$1,188.9 million made up 57.9% of the Group's total revenue. Segment profit reached HK\$104.1 million. The Group sourced 24,779 tonnes of copper, aluminum and zinc in 2007, mainly from the USA, Europe and Asia.

The anticipated short supply of refined output from China has led Chinese smelters to look for alternative materials such as recycled scrap copper. In 2007, EPI Metals committed to further providing direct scrap copper to Jiangxi Copper Limited ("Jiangxi Copper") in addition to copper anode. EPI Metals also began negotiations to expand its trading and sourcing services to other major copper market leaders in China in order to supply them with scrap copper.

#### **Production of Copper Anode**

The Group's 51% joint venture with Jiangxi Copper, Qingyuan JCCL EPI Copper Limited ("Qingyuan JCCL EPI"), started production in June 2007. During the year, Qingyuan JCCL EPI produced 24,457 tonnes of copper anode to Jiangxi Copper and recorded a sales revenue of HK\$749.1 million for EPI's share of 51%, representing 36.5% of the Group's turnover and a segment profit of HK\$17.9 million.

Qingyuan JCCL EPI laid foundations and developed supplier relationships with key local China scrap yard dealers during the period. In February 2007, the exclusive 15-year joint venture acquired an existing smelting plant at Qingyuan in Guangdong Province.

### ***Consumer Electronic Business***

The Group's consumer electronics business, Innovision Enterprises Ltd., recorded a sales revenue of HK\$114.9 million, accounting for 5.6% of the Group's turnover. The sales decreased 56.6%, and net segment profit was HK\$0.4 million, mainly attributable to slow down of consumer sentiment in the US market. The Group will focus its resources on the non-ferrous metals business while maintaining the consumer electronics business at a stable level.

### ***Warehousing, Logistics and Metals Financing***

With the vision to build a non-ferrous metal global supply chain network, the Group undertook a feasibility study to commence scrap metals financing and warehousing operations in Qingyuan JCCL EPI during the year. The scrap metal financing model is the first of its kind amongst listed companies in Hong Kong. This business not only provides a credible financing platform for local scrap yard dealers but also provides a stable sourcing channel and revenue growth potential for the Group's Qingyuan JCCL EPI partnership with Jiangxi Copper.

### ***Mining and Resources Investments***

The Group's mining and investment team provides full value-added services to mining and resource companies. These services include asset restructuring, capital restructuring, and investment funding for mining exploration production work and infrastructure facilities. In 2007, the team is carefully identifying and accessing operational mining and resource projects in copper, iron ore, zinc, precious metals such as gold, and oil resources, that will provide immediate cash contributions with a stable and long term cash flow to the Group.

#### **Framework agreement with Daye Non Ferrous**

In May 2007, the Group signed a framework agreement with Daye Non Ferrous, China's fourth largest copper leader to form a joint venture company in which EPI will hold 25% stake with a total investment amount of RMB500 million. Daye Non Ferrous will inject four of its copper mining assets located in Hubei into the joint venture company which have over 30 years of mine life with total reserves of 787,374 tonnes of copper, 29,564 kilograms of gold, 455,726 kilograms of silver, 13,021 tonnes of molybdenum, and 19,602 kilotonnes of iron ore. The four copper mines are considered as major copper mine reserves in China. The joint venture agreement is now undergoing a due diligence review by EPI, Daye Non Ferrous and the China government regulatory bodies and is aimed to close during 2008.

### ***Other Investment***

Leveraging on the investment team's core strength in finance, business restructuring and consumer electronic business sales network, the Group spent nine months acting as a white knight to rescue Vision Tech International Holdings Limited ("Vision Tech") (stock code: 0922HK). On 18 May 2007, EPI entered into a Subscription Agreement conditionally agreed to subscribe for 750,000,000 new shares at a price of HK\$0.10 per new share in Vision Tech at a total consideration of HK\$75 million. Upon completion on 3 March 2008, EPI held 57.92% of the enlarged issued share capital of Vision Tech, which resumed trading on the Stock Exchange of Hong Kong Limited on 7 March 2008. Vision Tech is engaged in consumer electronics business sales distribution and will further expand its business to GPRS navigator systems and automobile Hi Fi sound systems. The Group believes that Vision Tech will provide a high return investment for its shareholders.

### **Prospects**

#### ***Mining and Resource Investment***

To drive the momentum forward, the Group aims to complete at least one significant mining and resources investments within a year. The iron ore and zinc mining projects are in the advanced stage of negotiations and expected to announce in the year. The Group believes that the resource and commodity sector will be the main growth driver of our business for many years to come.

#### ***Copper Mines Investment Projects***

The Group is working with the full support of Daye Non Ferrous Metals on the process of obtaining approval from China government bodies and from a due diligence review of the joint venture partnership structure. The joint venture agreement is expected to close in 2008.

### ***Scrap Metals Sourcing and Trading***

The Group will increase scrap metals sourcing volume and trading quantity by expanding its partnership with state-owned enterprises in the copper industry. It is working intensively to finalize long-term scrap metals trading contracts with China's leading top four copper players of Jiangxi Copper, Tongling Non Ferrous Metals Group Holdings Co. Ltd. and Daye Non Ferrous. Furthermore, it signed a sale and purchase agreement with Jiangxi Copper for supply of 75,000 metric tonnes a year of copper anode and scrap copper for 2008.

Mr. Wong added, "In this first year of operations, the EPI Group has generated highly positive cash flows and returns. It has transformed itself from a company that was suspended from trading for three years on the Stock Exchange of Hong Kong into a well-recognised Hong Kong listed company with a portfolio of stable core business and a high-potential growth driver in mining and resource investment."

"The success of the past year was largely due to the resourcefulness and dedication of my fellow directors and the staff at EPI. On behalf of the Board, I would like to thank them for their hard work and dedication and all our shareholders for their support. Our mission is to become a leading player in metals mining and resource investment in Asia and to provide China's state-owned enterprises with high quality supply chain services. We believe we will be able to provide a substantial investment return to our shareholders." Mr. Wong concluded.

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### **About EPI (Holdings) Limited (Stock code: 689HK)**

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, copper anode production, and scrap metals financing and logistics. 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 major player in non-ferrous metals and resources in Asia.

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