EPI (Holdings) Limited
長盈集團(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 689)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

	2007	2006		Change
• Turnover (HK$'000)	2,053,000	264,803	↑	675%
• Gross profit margin (%)	6.13	2.6	↑	3.53% pt
• Earnings before interest, tax, depreciation and amortization less interest income (EBITDA) (HK$'000)	75,929	265,164	↓	71%
• Profit for the year attributable to equity holders of the Company* (HK$'000)	63,511	264,942	↓	76%
• Earnings per share (HK cents)				
– Basic	1.64	28.3	↓	94%
– Diluted	1.59	N/A		
• Final dividend per ordinary share (HK cents)	0.25	N/A		

* *Included in the amount for 2006 there is a net gain of debt restructuring of HK$263,168,000. If this exceptional item is excluded for comparison to the results of 2007, the EBITDA surged by 3,704%, profit for the year attributable to the equity holders of the Company and the basic earnings per share increased by 3,480% and 763% respectively.*

RESULTS

The board of directors (the "Directors") of EPI (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative figures for the year ended 31 December 2006.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	NOTES	**2007**	2006
		HK$'000	*HK$'000*
Revenue	*3*	**2,053,000**	264,803
Cost of sales	*4*	**(1,927,189)**	(257,909)
Gross profit		**125,811**	6,894
Other income	*5*	**65,126**	8,064
Distribution and selling expenses		**(47,999)**	(884)
Administrative expenses		**(50,255)**	(9,708)
Other expenses	*6*	**(11,079)**	(2,126)
Net gain on debt restructuring	*7*	**–**	263,168
Finance costs	*8*	**(3,537)**	(116)
Profit before taxation		**78,067**	265,292
Taxation	*9*	**(14,556)**	(350)
Profit for the year attributable to equity holders of the Company	*10*	**63,511**	264,942
Dividends	*11*	**10,338**	–
Earnings per share			
– basic	*12*	**1.64 HK cents**	28.3 HK cents
– diluted	*12*	**1.59 HK cents**	N/A

CONSOLIDATED BALANCE SHEET

At 31 December

	NOTES	**2007**	2006
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**30,541**	779
Deposit for acquisition of property, plant and equipment		**815**	–
Prepaid lease payments		**18,674**	–
Loan receivables		**24,933**	20,933
Financial assets at fair value through profit or loss		**2,340**	–
		77,303	21,712
Current assets			
Inventories		**146,064**	–
Loan receivables		**24,000**	–
Trade and other receivables	*13*	**671,102**	70,462
Held-for-trading investments		**9,673**	–
Derivative financial instruments		**1,999**	–
Trade receivable from a joint venture partner		**17,057**	–
Prepaid lease payments		**424**	–
Pledged bank deposits		**26,918**	5,000
Bank balances and cash		**145,047**	186,344
		1,042,284	261,806
Current liabilities			
Trade and other payables	*14*	**194,216**	15,832
Derivative financial instruments		**1,126**	–
Bank borrowings		**126,495**	–
Taxation payable		**15,898**	2,038
		337,735	17,870
Net current assets		**704,549**	243,936
Total assets less current liabilities		**781,852**	265,648
Capital and reserves			
Share capital		**41,350**	36,082
Reserves		**740,502**	229,566
Total equity		**781,852**	265,648

Notes:

1. GENERAL

The Company is a public limited company incorporated in Bermuda and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company was Suite 6303-4 on 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 10 November 2006.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

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

The Group is controlled by the investor, Climax Associates Limited ("CA Ltd"), which is incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company is Rich Concept Worldwide Limited, which is incorporated in the British Virgin Islands.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of embedded derivatives
HK(IFRIC)-INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellation [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC)-INT 11	HKFRS 2: Group and treasury share transactions [3]
HK(IFRIC)-INT 12	Service concession arrangements [4]
HK(IFRIC)-INT 13	Customer loyalty programmes [5]
HK(IFRIC)-INT 14	HKAS 19-The limit on a defined benefit asset, minimum funding requirements and their interaction [4]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 March 2007.
[4] Effective for annual periods beginning on or after 1 January 2008.
[5] Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENTS INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to customers, less return and discounts. An analysis of the Group's revenue, by business segments, is as follows:

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions namely metals sourcing and trading, production of copper anode and consumer electronics. In which metals sourcing and trading and production of copper anode is newly introduced during the year. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Metals sourcing and trading	–	sourcing and trading of non-ferrous metals
Production of copper anode	–	manufacturing of copper anode
Consumer electronics	–	sourcing and trading of consumer electronics business

Segment information about these businesses is presented below.

Year ended 31 December 2007

Consolidated income statement

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Elimination HK$'000	Total HK$'000
Turnover					
External sales	1,188,933	749,133	114,934	–	2,053,000
Inter-segment sales	79,583	–	–	(79,583)	–
Total	1,268,516	749,133	114,934	(79,583)	2,053,000
Result					
Segment results	104,098	17,899	424	–	122,421
Interest income					7,091
Other income					4,689
Finance costs					(3,537)
Unallocated corporate expenses					(52,597)
Profit before taxation					78,067
Taxation					(14,556)
Profit for the year					63,511

Consolidated balance sheet

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Elimination HK$'000	Total HK$'000
ASSETS					
Segment assets	630,594	238,286	26,227		895,107
Unallocated corporate assets					224,480
Consolidated total assets					1,119,587
LIABILITIES					
Segment liabilities	94,168	90,166	6,492		190,826
Unallocated corporate liabilities					146,909
Consolidated total liabilities					337,735

Other information

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Unallocated HK$'000	Total HK$'000
Additions of prepaid lease payments	–	19,310	–	–	19,310
Write-down of inventories	–	1,479	–	–	1,479
Amortisation of prepaid lease payments	–	212	–	–	212
Capital additions	347	44,412	37	5,480	50,276
Depreciation	40	441	196	527	1,204

Year ended 31 December 2006

Consolidated income statement

	Metals sourcing and trading *HK$'000*	Production of copper anode *HK$'000*	Consumer electronics *HK$'000*	Total *HK$'000*
Turnover				
External sales	–	–	264,803	264,803
Result				
Segment results	–	–	853	853
Interest income				302
Other income				7,762
Finance costs				(116)
Unallocated corporate income				256,491
Profit before taxation				265,292
Taxation				(350)
Profit for the year				264,942

Consolidated balance sheet

	Metals sourcing and trading	Production of copper anode	Consumer electronics	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	–	–	8,565	8,565
Unallocated corporate assets				274,953
Consolidated total assets				283,518
LIABILITIES				
Segment liabilities	–	–	691	691
Unallocated corporate liabilities				17,179
Consolidated total liabilities				17,870

Other information

	Metals sourcing and trading	Production of copper anode	Consumer electronics	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	–	–	770	770
Depreciation	–	–	58	58

(b) Geographical segments

All the Group's assets and capital expenditure incurred during the year 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. COST OF SALES

Cost of sales during both years represented cost of inventories recognised as an expenses.

5. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Bank interest income	**4,613**	302
Interest income from loan receivables	**2,478**	–
Change in fair value of other financial assets		
– held-for-trading	**825**	–
– derivative financial instruments	**53,346**	–
Agency fee income	**–**	7,219
Others	**3,864**	543
	65,126	8,064

6. OTHER EXPENSES

Other expenses mainly represent various expense incurred in exploring potential investments opportunities by the Group amounting to HK$11,079,000 (2006: HK$2,126,000).

7. NET GAIN ON DEBT RESTRUCTURING

	2007	2006
	HK$'000	*HK$'000*
Net gain on debts waived	–	277,844
Restructuring and scheme costs	–	(14,676)
	–	263,168

The trading of the Company's shares on the Stock Exchange was suspended on 24 March 2003. On 21 June 2003, provisional liquidators was appointed by the High Court of Hong Kong Special Administrative Region so as to enforce and preserve the assets and business of the Company, to consider and review all debt restructuring proposals and/or scheme of arrangement to be proposed by any party. On 13 April 2006, the Company, CA Ltd and provisional liquidators entered into a restructuring agreement for implementation of debt restructuring. The principal elements of debt restructuring included capital reorganisation, subscription of new shares by CA Ltd., restructuring all indebtedness of the Company, open offer and placing of the Company's shares and disposal of certain subsidiaries of the Group. Details of which are disclosed in the Company's 2006 annual report.

The completion of debt restructuring took place on 20 September 2006 (the "Closing"). Immediately after the Closing, the investor, CA Ltd, became the substantial shareholder of the Company and the petition against the Company on 25 March 2003 was withdrawn and the provisional liquidators were discharged and released by the court with effect from the Closing. Trading of the Company's shares on the Stock Exchange was resumed on 26 September 2006.

Net gain on debts waived of approximately HK$277,844,000 represented indebtedness discharged upon the Closing.

Most of former accounting personnel and former directors had left the Group on or before completion of debt restructuring, and accordingly the directors were unable to obtain sufficient documentary information to satisfy themselves as to whether the net gain on debts waived for the year ended 31 December 2006 was fairly stated.

8. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**3,537**	116

9. TAXATION

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**14,556**	350

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

The Group's jointly controlled entity is subjected the taxation arising in other jurisdictions which is calculated at the rates prevailing in the relevant jurisdictions.

The Group's jointly controlled entity is exempted from PRC Enterprise Income Tax for the first two profitable years starting from year ended 31 December 2007 and 50% reduction for the following three years.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for the jointly controlled entity from 1 January 2008.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation	**78,067**	265,292
Tax at the applicable rates of 17.5% (2006: 17.5%)	**13,662**	46,426
Tax effect of income not taxable for tax purpose	**(766)**	(46,106)
Tax effect of expenses not deductible for tax purpose	**3,983**	1
Tax effect of tax losses not recognised	**–**	118
Utilisation of tax losses	**(122)**	–
Effect of tax exemption granted to a PRC jointly controlled entity	**(2,151)**	–
Others	**(50)**	(89)
Tax charge for the year	**14,556**	350

10. PROFIT FOR THE YEAR

	2007	2006
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**9,494**	922
Other staff's retirement benefits costs	**552**	93
Other staff costs	**17,486**	2,829
Other staff share based payment expenses	**8,702**	–
Total staff costs	**36,234**	3,844
Auditor's remuneration	**1,600**	250
Write-down of inventories	**1,479**	–
Exchange loss	**1,959**	–
Depreciation of property, plant and equipment	**1,204**	58
Amortisation of prepaid lease payment	**212**	–
Minimum lease payments under operating leases in respect of office premises	**3,307**	868

11. DIVIDENDS

Dividend recognised as distribution during the year:

	2007	2006
	HK$'000	*HK$'000*
Interim – HK0.25 cents per share (2006: HKnil cents)	**10,338**	–

The final dividend of HK0.25 cents (2006: HKnil cents) per share has been proposed by the directors and is subject to approval by the shareholders in the general meeting.

12. EARNINGS PER SHARE

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:

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share	**63,511**	264,942

	2007	2006
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**3,872,418**	935,591
Effect of dilutive potential ordinary shares:		
Options	**133,630**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,006,048**	935,591

The computation of diluted earnings per share for 2007 does not assume the exercise of the Company's outstanding warrants and certain of the Company's share options as the exercise price of those warrants/options is higher than the average market price for shares for the period in which the warrants/options were outstanding.

No diluted earnings per share has been presented for the 2006 as there were no outstanding dilutive potential ordinary shares.

13. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**502,304**	2,797
Bills receivables	**28,756**	–
	531,060	2,797
Other receivables (note)	**46,934**	65,964
Prepayments to suppliers	**72,755**	1,701
Margin deposits to financial institutions	**20,353**	–
Total trade and other receivables	**671,102**	70,462

Note:

Other receivables include balances of HK$14,890,000 (2006: HK$57,350,000) receivables from independent third parties. The amounts are unsecured, interest free and is expected to be repaid within 12 months from the balance sheet date. The Group has assessed the credit quality of the balances and the balances are fully repaid subsequent to the balance sheet date. In addition, as at 31 December 2007, there is a balance of HK$23,173,000 (2006: HK$nil) receivable from a bank in respect of commodity forward trading settlement balance. This amount has been settled subsequent to the balance sheet date.

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

	2007	2006
	HK$'000	*HK$'000*
0-30 days	**321,239**	2,521
31-60 days	**106,572**	77
61-90 days	**103,249**	–
Over 90 days	**–**	199
	531,060	2,797

Before accepting any new customer, the Group assess the potential customer's credit quality and define credit limits by customer. Limits and credit quality attributed to customers are reviewed regularly. Approximately, 100% (2006: 93%) of the trade receivables that are neither past due nor impaired have the best credit quality assessed by the Group. Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade and bills receivable balance are debtors with aggregate carrying amount of HK$nil (2006: HK$199,000) which are past due at the reporting date for which the Group had not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 117 days in 2006.

Ageing of trade and bills receivables which are past due but not impaired.

	2007	2006
	HK$'000	*HK$'000*
91 – 120 days	–	199

Included in trade and bills receivables are the following amount denominated in currency other than functional currency of the relevant Group's entities:

	2007	2006
	HK$'000	*HK$'000*
	Equivalent	Equivalent
USD	**275,646**	27,050

14. TRADE AND OTHER PAYABLES

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**79,390**	–
Bills payables	**99,801**	–
	179,191	–
Other payables and accruals	**15,025**	15,832
	194,216	15,832

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

	2007	2006
	HK$'000	*HK$'000*
0-30 days	**177,397**	–
31-60 days	**1,794**	–
	179,191	–

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

All of the other payables are unsecured, interest free and expected to be settled within one year.

Included in trade and bills payables, the following amounts denominated in USD and Renminbi as of the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
	Equivalent	*Equivalent*
USD	**94,541**	–
Renminbi	**84,650**	–

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

"Basis for qualified opinion

The auditor's report issued by the previous auditor in respect of their audit of the consolidated financial statements for the year ended 31 December 2006 was qualified as a result of the following limitation of scope:

(i) As set out in note 7 to the consolidated financial statements, the directors have been unable to obtain sufficient documentary evidence to satisfy themselves as to whether the net gain on debts waived of approximately HK$277,844,000 arising from the debt restructuring carried out by the Company during the year ended 31 December 2006 and included in the profit of the Group for the year ended 31 December 2006 was fairly stated.

(ii) The directors are unable to satisfy themselves as to the completeness of recording of transactions entered into by the Group and of the completeness of disclosure of finance lease obligations, segment information, pledged of assets, commitments and contingent liabilities for the period from 1 January 2006 to 20 September 2006 in the consolidated financial statements. Furthermore, the directors are unable to determine the completeness of related party transactions, employee benefits and emoluments, and taxation and deferred taxation incurred for the period from 1 January 2006 to 20 September 2006.

(iii) Certain subsidiaries were disposed of according to the debt restructuring scheme carried out by the Company during the year ended 31 December 2006. The directors were unable to obtain sufficient information to include the results of these subsidiaries up to the date of their disposals in the consolidated financial statements. Accordingly, the directors were unable to satisfy themselves as to the truth and fairness of the gain on disposal of these subsidiaries so included in the consolidated financial statements for the year ended 31 December 2006.

In addition, the auditors' report issued by the previous auditors in respect of these audit of the consolidated financial statements of the Group for the year ended 31 December 2005 was disclaimed in view of the pervasive nature of the limitations of audit scope and disagreement about accounting treatment resulting from the incompleteness of books and records of certain subsidiaries within the Group, insufficiency of information regarding the amount of other payables of approximately HK$293,807,000, and failure to consolidate certain subsidiaries within the Group in accordance with the Hong Kong Accounting Standard 27 "Consolidated and Separate Financial Statements" issued by the HKICPA. Accordingly, any adjustments found to be necessary may affect the opening net liabilities of the Group as at 1 January 2006 and the results and cash flows and the related disclosures of the consolidated financial statements for the year ended 31 December 2006.

There are no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in the previous paragraphs, and accordingly we are unable to conclude as to whether the profit and cash flows and related notes to the consolidated financial statements for the year ended 31 December 2006 were free from material misstatement.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the effect on the corresponding figures for 2006 of such adjustments, if any, to the results of operations for the year ended 31 December 2006, which might have been determined to be necessary had we been able to satisfy ourselves as to the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and, of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

DIRECTORS' RESPONSE TO THE QUALIFICATION OPINION BY OUR AUDITOR

We would like to draw your attention that the qualifications in the auditor's report for the year was related to the previous years' comparative figures and these qualifications would not be carried forward to next year. Our auditor did not have any qualified opinions to the state of affairs of the Group as at 31 December 2007 and the Group's profit and cash flows for the year then ended.

In accordance with the applicable auditing standards, our auditor has the responsibility for reporting on the current period financial statements as a whole, which include both current and prior period figures. The amounts and other disclosures for the preceding period are included as part of the current period financial statements, and are intended to be read in relation to the amounts and other disclosures relating to the current period. These corresponding figures are not presented as complete financial statements capable of standing alone, but are an integral part of the current period financial statements.

The auditor's report issued by the previous auditor in respect of their audit of the consolidated financial statements for the year ended 31 December 2006 was qualified as a result of a number of limitations of scope. Details of which have been set out in our 2006 annual report dated 23 April 2007.

Accordingly, the audit report by our auditor in the current year includes a limitation of scope as a result of the qualification by our previous auditor as mention above. In respect of the year ended 31 December 2007 alone and except for the matters addressed in the auditor report in respect of the year ended 31 December 2006, our auditor report that the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

During 2007, the Group made significant progress towards our vision of becoming the leading supplier of non-ferrous metals, primarily scrap copper, in China.

Building on our core business of scrap metal sourcing, smelting and financing, we intensified our focus on mining investment as a growth driver and continued to maintain and expand our consumer electronics business. By further establishing ourselves and our business model in the market, the Group generated record profit and strong cash flows and has evolved a clear strategic platform to reach our future goals.

Review of Operations

During the period under review, the Group's operations comprised our sourcing and trading of non-ferrous metals business; Qingyuan JCCL EPI Copper Limited – our copper smelting joint venture in Qingyuan; and our consumer electronics business.

Non-ferrous Metals Business

The Group's non-ferrous metals business saw rapid progress in 2007, with the robust performance of metals sourcing and trading, the beginning of smelting operations and the signing of this framework agreement with Daye Non Ferrous Metals Company (Daye Non Ferrous).

The Copper Market

The global copper market was challenging in 2007, and is expected to remain tight in the coming year. By historical standards, copper prices in 2007 were maintained at a high level while global stocks continued to remain low. Global copper prices rallied in the first half of 2007, surging to a level above US$8,300, benefiting from increasing demand and low global inventories. Prices came under pressure later in the year, dropping to as low as US$5,200, due to global market concerns over the health of the US economy and the possible spillover effects. Global copper prices are expected to remain volatile in the coming year.

CRU statistical data indicate that China copper consumption in 2007 was at 4,621,000 tonnes, a 19.2% year-on-year increase, and continued to surpass the market supply of 3,457,000 tonnes, a 18.6% year-on year-increase. Overall, this represented a deficit supply of 1,164,000 tonnes, reflecting significant growth in China copper demand.

Due to unequal growth rates between concentrates capacity and smelter capacity, concentrate production has not been able to keep up with such demand growth. Rapid expansion of smelter capacity has triggered a deficit in the global concentrates market. As a consequence, refiners must enter into low treatment and refining charges (TC/RCs), pressuring the least efficient smelters to reduce output or even shut down. For this reason, China's refined output is expected to grow at a slower pace in the coming year.

The anticipated short supply of refined output from concentrates has led Chinese smelters to start looking for other solutions, which include the sourcing of alternative materials such as recycled scrap copper and other non-ferrous metals from both domestic and overseas markets. Growing demand in the copper market in China has provided an enormous market growth opportunity for the Group.

Financial Performance

The non-ferrous metals business made a major contribution to the Group's sales revenue and net profit in fiscal 2007. The majority of our metals business was concentrated in copper metal and 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. Total sales revenue for the Group was HK$2,053 million for the year, representing a year-on-year increase of 675%. The reason for such a substantial increase was that in 2006 the turnover derived solely from the Group's consumer electronics business. Profit for the year attributable to equity holders of the Company for 2007 was HK$63.51 million, representing year-on-year growth of 3,480% with the exclusion of net gain of debts restructuring from the Net Profit after tax for 2006. These results fully demonstrate that the Group's diversification from our consumer electronics business to non-ferrous metals as a core business focus was a successful strategy. For the next few years, the Group foresees that our core businesses will continue to be non-ferrous scrap metals with mining investment projects as a further growth driver.

Metals Sourcing and Trading

EPI Metals Limited ("EPI Metals"), the overseas sourcing business of the Group, recorded sales revenue of HK$1,188.90 million and a segment profit of HK$104.1 million. The Group sourced 24,779 tones of non-ferrous metals in 2007, mainly from the USA, Europe and Asia. Metals sourced were generally known as (according to ISRI guidelines), No. 1 copper (97-99% copper content), No. 2 copper (94%-96%) as well as other Light copper (88%-92%) and scrap aluminum.

During the year, the Group adopted a prudent approach to our copper purchasing through the London Metal Exchange (LME) to hedge against market price fluctuations. Practical market risk and operational risk management were set in place to track every process of the transaction to ensure that our set profit margin and processing cost were maintained.

In 2007, EPI Metals committed to further providing direct scrap copper to Jiangxi Copper Company Limited ("Jiangxi Copper") in addition to copper anode. EPI Metals also began negotiations to expand our 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 and sold 24,457 tons of copper anode to Jiangxi Copper and recorded a sales revenue of HK$749.1 million for EPI's share, representing 36.5% of the Group's turnover and a segment profit of HK$17.9 million.

While the Qingyuan JCCL EPI laid foundations and developed supplier relationships with key local China scrap yard dealers during the period, the joint venture company built credentials, goodwill and relationships with major China banks to provide banking facilities for future growth and the provision of working capital funding for the joint venture company's China sourcing and trading business.

In February 2007, the exclusive 15-year joint venture acquired an existing smelting plant at Qingyuan in Guangdong Province and worked rapidly to refurbish the plant. More than 26 high level engineers from Jiangxi Copper were sent to facilitate the construction of the copper anode smelting machine and to ensure all environmental facilities were in compliance with the China Central Government's standards. Within only four months of establishment, the smelting plant was in operation. On 6 June 2007, in the presence of the Jiangxi Copper President, the management team, Qingyuan government officials and EPI management, the Qingyuan smelting plant was inaugurated to produce copper anode from scrap copper with an annual capacity of 50,000 tonnes.

Consumer Electronics Business

Sales revenue for the Group's consumer electronics business, Innovision Enterprises Ltd. ("Innovision Enterprises"), recorded HK$114.9 million, representing a 56.6% year-on-year decrease, and net segment profit was HK$0.4 million. During the year under review, consumer sentiment in the US market slowed down, thereby decreasing our sales turnover. However, the Group maintained a stable gross profit margin of 2.9% (2006: 2.6%).

Innovision Enterprises sells DVD combo and home theatres to the USA, Latin America and European markets, outsourcing production on an OEM and ODM basis to our exclusive China manufacturers. During the period, the consumer electronics team leveraged on its sales network and business expertise to help in the restructuring and rescue of Vision Tech, as well as playing an important role in increasing sales turnover and obtaining overseas business orders for Vision Tech.

The Group's strategy is to focus our resources on the non-ferrous metals business while maintaining the consumer electronics business at a stable level. As long as the consumer electronics business maintains a profitable or a self-sufficient financial position, we will continue to maintain this strategy.

Warehousing, Logistics and Metals Financing

Our vision for the future is to build a non-ferrous metal global supply chain network. During the year, the Group undertook a feasibility study to commence scrap metals financing and warehousing operations in Qingyuan JCCL EPI. The scrap metal financing model is the first of its kind amongst listed companies in Hong Kong.

We believe that 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 our Qingyuan JCCL EPI partnership with Jiangxi Copper. Qingyuan is a major metal recycling hub and active local sourcing and trading center for China, with over 4,000 scrap yard dealers. We believe that leveraging on the goodwill of the existing Qingyuan scrap copper metal smelting business and infrastructure will give us a head start advantage in the scrap metal financing business, enabling us to grow more local sourcing capacity for our increasing demand for scrap metal supply.

Mining and Resource Investment

In 2007, the Group's management and mining investment team actively focused on identifying and accessing mining and resource projects. The Group is exploring investment projects in copper, iron, precious metals such as gold, and oil resources.

The Group 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. Our aim is to increase production output capacity and revenue to enhance overall net asset value as well as to provide pre-IPO investment to maximize returns for shareholders.

EPI's core competitive strength in competing with other investment projects lies in its strong financial restructuring capabilities, its Hong Kong listed company positioning, its local Chinese background, professional management team and goodwill in the China market. During the year, the group's professional investment team received considerable recognition from China state-owned enterprises and was able to partner with first-class partners in China and worldwide.

Daye Non Ferrous Framework Agreement

In May 2007, the Group signed a framework agreement with Daye Non Ferrous, China's fourth largest copper leader. EPI and Daye Non Ferrous will form a joint venture company whereby Daye Non Ferrous will inject four of its copper mining assets into the joint venture company, representing 75% of the shareholdings, and EPI will inject an estimated HK$500 million into the joint venture company, representing 25% of the shareholdings.

The four mines, namely Tong Lu Shan Mine, Feng San Mine, Xin Tai Mine, Xin Ma operating mines, are located in Hubei with a current annual production capacity of 20,000-23,000 tonnes of copper, 1 tonne of gold, and 350,000 tonnes of iron ore. The four mines 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. Copper ore grades are considered very high in the country ranging from 0.91% to 1.46% copper content; gold grade has an average of 1.10 gram per tonne; silver grade ranges from 7.10 gram per tonne to 19.93 gram per tonne; iron ore grade has an average of 36.28% iron content. The four copper mines are considered major copper mine reserves in China.

This project is now undergoing a due diligence review by EPI, Daye Non Ferrous and the China government regulatory bodies. Once regulatory approval is given by the relevant bodies, the Group aims to close the joint venture agreement during 2008.

Other Investment Projects

2007 was also marked by another restructuring success. Leveraging on our investment team's core strength in finance, business restructuring and our 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), a consumer electronics company that had been suspended from trading on the board of the Stock Exchange of Hong Kong Limited for the last five years.

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 success of the restructuring and rescue of Vision Tech again demonstrated the financial restructuring capability of the Group. We believe that it will provide a high return investment for our shareholders.

Financial Review

Turnover and Gross Profit Margin

The turnover from metals sourcing and trading business was HK$1,188.90 million, representing 57.9% of the Group's turnover. Gross profit margin was 8.8%. The production of copper anode business originated from the Qingyuan JCCL EPI smelting joint venture. The joint venture plant began operations in June 2007 The sales for the period were HK$1,469 million, of which the Group accounted for 51% or HK$749.1 million, representing 36.5% of the Group's turnover. Gross profit margin was 2.3%. Sales at the consumer electronics business were HK$114.9 million, representing 5.6% of the Group's turnover, a decrease of 56.6% as compared to the same period last year. Gross profit margin was 2.9%. (margin maintained as compared to last year 2.6%).

Hedging against Commodities Price Fluctuations

The Group recognizes the importance of hedging its risk exposure to commodities price fluctuations. The Group utilizes commodity forward contracts to hedge the forecasted purchase of copper concentrate and/or other related materials during the year. These arrangements are designed to address significant fluctuations in the price of copper concentrate and/or related materials, which move in line with the price of copper cathode. During the year the Group recognized a gain on commodity forward contracts of HK$53,346,000. The management viewed this gain as an adjustment to the cost of sales but the amount was taken to other income according to the generally accepted accounting principles.

As at 23 April 2008, the Group has approximately US$150 million bank line facilities for commodity forward contracts, which is adequate for the Group to hedge against future commodities price fluctuations.

EBITDA and Profit

The Group's EBITDA (earnings before interest, tax, depreciation and amortization less interest income) for 2006 was HK$265 million, which was mainly contributed by a HK$263,168,000 gain on debt restructuring. This gain is non-recurrent in nature. The Group's EBITDA for the year was HK$75.9 million. If the gain on debt restructuring of HK$263,168,000 in 2006 were excluded for comparison purposes, EBITDA margin rose strongly to HK$75.9 million from HK$2.0 million as a result of the successful diversification into the non-ferrous metals business and profit for the year attributable to equity holders of the Company also increased sharply, rising by 763% to HK$63.5 million and the net profit margin based on turnover improved from 0.7% to 3.1%.

Finance Costs

Finance costs of HK$3.5 million mainly comprised interest expenses on bank loans and overdraft repayable within one year. The increase in interest expense was mainly due to the increase in the utilization of bank trade facilities for the metals sourcing and trading business and the production of copper anode business.

Liquidity and Financial Resources

In view of its expansion plans and the prospects from the completion of the Daye joint venture, the Group decided to raise additional equity capital in the first half of 2007.

On 14 June the Company raised aggregate net proceeds of HK$463.0 million, of which HK$451.9 million was in the form of shares and HK$11.1 million in the form of warrants, via a top up subscription placement of 573,540,000 shares at HK$0.81 per share and 143,380,000 warrants at HK$0.08 warrant price with an exercise price at HK$0.94 per share for 365 days to institutional investors. The proceeds will be applied to the Daye investment and as working capital for the Group.

The Group has a strong net cash position as at 31 December 2007, with approximately HK$172 million of cash and bank balances, and approximately HK$126.5 million of bank loans. The cash and bank balances, in US dollars, HK dollars and Renminbi dollars, are mainly held at banks as short-term deposits. The Group only has short-term bank loans and overdrafts repayable within one year. The loan facility in Hong Kong bears interest calculated with reference to prime rate or LIBOR. The working capital Renminbi loans bear interest calculated with reference to the People's Bank of China 3 to 12 months working capital lending rate.

The Group has established strong bank line facilities with major banks and financial institutions in China and Hong Kong. As at 23 April 2008, the Group has approximately HK$100 million bank trade line facilities to fund and provide flexibility for our growth and expansion business working capital needs.

Financial Position

As compared to the Group's financial position as at last year end, total assets increased by 3.9 times to about HK$1,119.6 million (2006: HK$283.5 million) and net current assets increased by 2.9 times to about HK$704.5 million (2006: HK$243.9 million). These changes were mainly attributable to the Group's expansion via further equity financing and diversification into the non-ferrous metals business.

Net cash outflow from operating activities was about HK$502.1 million, net cash outflow in respect of investing activities was about HK$98.7 million, net cash from financing activities was about HK$559.6 million, resulting in a net increase in available cash and cash equivalents of about HK$145 million for the year.

Contingent Liabilities

As at 31 December 2007, the Group has no contingent liabilities (2006: HK$NIL).

Pledge of Assets

At 31 December 2007, property, plant and equipment, prepaid lease payment, index-linked note and pledged bank deposits of approximately HK$8,763,000 (2006: HK$nil), HK$19,098,000 (2006: HK$nil), HK$2,340,000 (2006: HK$nil) and HK$26,918,000 (2006: HK$5,000,000) respectively were pledged to secure certain of the Group's bank borrowings and banking facilities.

Capital Commitments

As at 31 December 2007, the Group has a capital expenditure of HK$13,467,000 (2006: HK$NIL) in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

Prospects

Going forward, the Group is laying a solid foundation to build on existing operational and business infrastructure to achieve a substantial increase in sales and business volume in our core businesses, from non-ferrous scrap metals to mining and resource investment projects.

Mining and Resource Investment

The mining and resource sector is the focus of considerable attention in the investment industry. With the goodwill built within this industry, our investment team has been able to identify attractive investment projects. The Group is expanding our mining investment from copper metal to other metal mixes such as iron ore, zinc and precious metals such as gold, and will consider investing in the resource sector of the oil industries. We aim to make other significant mining and resources investments in the medium term, thereby providing a substantial investment return for our shareholders.

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 our joint venture partnership structure. We are expecting to obtain the China government bodies' approval in the near future and to close the joint venture agreement in 2008.

Scrap Metals Sourcing and Trading

Scrap metals trading is part of the Group's well-structured business model for further partnership with China's state-owned enterprises. We will increase scrap metals sourcing volume and trading quantity by expanding our partnership with state-owned enterprises in the copper industry. We are 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, and we will further extend and deepen our network of relationships in scrap metals sourcing, trading and other areas of partnership. In line with this, we have 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.

These projects will assist the Group in its mission to become a leading player in metals mining and resource investment in Asia and to provide our strategic partners in China's state-owned enterprises with high quality supply chain services.

SUBSEQUENT EVENTS

The following events occurred subsequent to the balance sheet date:

1. In January 2008, the Company repurchased a total number of 7,680,000 shares on the Stock Exchange with the aggregated consideration of HK$2,429,000.

2. Acquisition

   Pursuant to the Company's circular dated 20 July 2007, the Group has entered into subscription agreement with Vision Tech, which principal business involve the trading and distribution of audio-visual products and home appliances. In accordance with the subscription agreement, the Group has conditionally agreed to subscribe for and Vision Tech has conditionally agreed to issue and allot 750,000,000 new ordinary shares of Vision Tech at a price of HK$0.10 per share.

   Subsequent to 31 December 2007, the transaction was completed on 3 March 2008 and the subscription cost of HK$75,000,000 was satisfied in cash.

   Details of the subscription are set out in the Company's circular dated 20 July 2007.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Carrying Amount At 3/3/2008 *HK$'000*
Net assets acquired:	
Property, plant and equipment	1,172
Inventories	257
Trade receivables	7,614
Other receivables	736
Bank balances and cash	128,358
Trade payables	(10,560)
Other payables	(17,713)
Taxation payable	(1,481)
	108,383
Minority interest	(45,608)
	62,775
Goodwill	12,225
Total consideration, satisfied by cash	75,000
Net cash inflow arising on acquisition:	
Cash consideration paid	(75,000)
Cash and cash equivalents acquired	128,358
	53,358

At the date of this report, the Group is still awaiting the valuation of the net assets acquired and the above amounts are on a provisional basis.

The goodwill arising on the acquisition is attributable to the anticipated future operating synergies upon the future combination with the existing operation of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased and redeemed the shares as follows:

Date	Number of Shares repurchased	Method of Shares repurchase	Prices per Share Highest	Prices per Share Lowest
			HK$	*HK$*
5 January 2007	5,900,000	On the Exchange	0.210	0.206
10 January 2007	1,500,000	On the Exchange	0.197	0.192
11 January 2007	1,440,000	On the Exchange	0.195	0.193
12 January 2007	5,360,000	On the Exchange	0.201	0.193
15 January 2007	3,000,000	On the Exchange	0.202	0.198
16 January 2007	1,300,000	On the Exchange	0.203	0.201
17 January 2007	2,500,000	On the Exchange	0.200	0.194
18 January 2007	2,300,000	On the Exchange	0.195	0.190
19 January 2007	200,000	On the Exchange	0.189	0.189
7 August 2007	6,000,000	On the Exchange	0.600	0.600
8 August 2007	500,000	On the Exchange	0.600	0.600
10 August 2007	6,000,000	On the Exchange	0.600	0.590
16 August 2007	5,100,000	On the Exchange	0.600	0.590
17 August 2007	18,000,000	On the Exchange	0.590	0.470
	59,100,000			

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board recognizes the importance of incorporating elements of good corporate governance into the management structure and the internal control procedures of the Group so as to ensure that all business activities of the Group and the decision making process are properly regulated.

During the year under review, the Company has applied the principles and 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") 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 had tried the best in the past year to identify a high caliber executive to take up either one of those roles. Suitable candidate has not yet been identified but the Company would continue to look for the right person for the posts.

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 are not appointed for a specific term. However, all Non-executive Directors are subject to retirement and can offer themselves for re-election in accordance with the Company's Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exactly than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, and that having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code throughout the year.

DIVIDEND

The Board recommend a payment of final dividend of HK cents 0.25 per share for the year ended 31 December 2007, subject to Shareholders' approval at the forthcoming Annual General Meeting, payable to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 20 June 2008. The final dividend will be paid on or about Monday, 30 June 2008.

The Board has also declared an interim dividend of HK cents 0.25 per share for the six months ended 30 June 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 June 2008 to Friday, 20 June 2008 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for entitlement to the final dividend for the year ended 31 December 2007, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 17 June 2008.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2007.

APPRECIATION

Finally, I would like to take this opportunity to express my appreciation to our shareholders for their support and to my fellow Directors and all staff members for their valuable contributions during the year.

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

Hong Kong, 23 April 2008

* *For identification purpose only*

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