

EPI Announces 2007 Interim Results

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Net Profit Surges 20.8 times to HK\$23.4 million
Non-ferrous Metals Business Generates Immediate Profits
in Only Over 6 months of Operations

Financial Highlights

- Turnover increased 122.5% to HK\$424 million
- Gross Profit was HK\$50.8 million
- EBITDA was HK\$26.3 million
- Net profit attributable to shareholders surged 20.8 times to HK\$23.4 million
- Interim dividend was HK0.25 cents per share
- Solid financials with cash on hand and bank deposits at HK\$558 million

(Hong Kong, 19 September 2007) – EPI (Holdings) Limited (“EPI” or the “Group”, SEHK: 689) announced its interim results for the six months ended 30 June 2007.

During the period under review, the Group’s turnover was HK\$424 million, representing an increase of 122.5% against the same period last year. Net profit attributable to shareholders surged 20.8 times to HK\$23.4 million. The Group’s profitability improved with net margin up from 0.56% to 5.53%. Its EBITDA (earnings before interest, taxation, depreciation and amortization less bank interest income) for the period was HK\$26.3 million, surged 1,923% as compared with the same period last year. EBITDA margin rose strongly from 0.68% to 6.2% (EBITDA margin on weighted average of total equity rose strongly from 0.68% to 8.3%) as a result of the successful diversification into non-ferrous metals business. The Group enjoyed a strong financial position. As at 30 June 2007, the Group’s cash on hand and bank deposits have totaled approximately HK\$558 million.

The Board of Directors is pleased to recommend payment of an interim dividend of HK0.25 cents per share for the six months ended 30 June 2007.

Mr. Joseph Wong, Chairman and CEO of EPI, said, “I am pleased to see the Group’s scrap sourcing and trading business, as well as smelting business delivered immediate results and positive cash flow in only nine months since the Group resumed trading on the Stock Exchange of Hong Kong. Our efforts to diversify into the non-ferrous metals market in China solidified our business model to be a fast growing company. In the first half of 2007, our non-ferrous metals business grew on-track and generated immediate contribution to the Group, which testifies to our ability to execute on our business model and combine our partners’ leading position in China’s copper industry. We are confident of sustaining growth momentum for our business in the second half year.”

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Business Review

Non-ferrous Metals Business

Laying the foundations, building our non-ferrous metal business in China

Scrap Metals Sourcing and Trading

The Group began to diversify into the non-ferrous metals industry in late 2006. Its core scrap **metals sourcing and trading** business contribute the profits in the shortest possible time and was the main revenue contributor of the Group in the period under review.

With non-ferrous metals consumption exceeding domestic supply in China the demand for raw materials alternatives in recycled scrap copper and other metals increased. During the period the selling price of the copper ore and concentrates continuously increased and the Group's sourcing and trading business was benefited by the strong demand.

Smelting

Our 51% joint venture with Jiangxi Copper Limited ("Jiangxi Copper"), Qingyuan JCCL EPI, achieved its goal of commencing its **copper smelting** production in June 2007, a mere seven months after the joint venture was established. The two smelting furnaces with total production capacity of 100,000 tons per annum began operations in June 2007. The joint venture company is now commencing to build a new reactor and in the first quarter of 2008 the production will be increased to 200,000 tons. The entire production of copper anode will be purchased by Jiangxi Copper.

Mining Investments

The Group expanded upstream on the non-ferrous metal supply chain by further expansion into **mining investment**. It entered into a framework agreement with Daye Non Ferrous Metals Company ("Daye"), the fourth largest copper state-owned enterprises in China, in May 2007 for a 25% stake in a joint venture. Daye proposed to inject into the joint venture company its interests in three companies, namely Feng Shan Co. limited, Xin Tai Co. Limited and Xin Ma Co. Limited, which hold and operate mines in China, as well as its 66.46% interest in the Tong Lu Shan Mine. The Group's share of the investment is estimated at approximately RMB500 million subject to the due diligence review of the project. The four mines have a current annual production of approximately 23,000 tons of copper, 1 ton of gold and 350,000 tons of iron, with estimated reserves of 787,374 tons of copper, 29,564 kilogrammes of gold, 455,726 kilogrammes of silver, 13,021 tons of molybdenum and 19,602 kilotons of iron ore.

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Metals warehousing, logistics and financing

The Group introduces a new financing business model of **metals warehousing, logistics and financing** business by setting up Guangzhou (Foshan) Metals Company Limited (GUANGFO), a joint venture with Foshan Nanhai Xinweifeng Trading Co. Ltd. and Guangdong Guanghong International Trade Group Co. Ltd, in February 2007. The total investment is estimated at RMB10 million and the Group will hold 40% stake in the joint venture, with the option of increasing its stake to 50% within a year from the date of the joint venture agreement. The new business model can resolve the immediate financing concerns of thousands of SME in Southern China province.

Outlook

Mining Investments

The Group's priority for the second half of the year is to finalize the joint venture agreement with Daye. The Group is working closely with Daye's management and operational team on the due diligence process. The joint venture agreement is expected to be completed in the fourth quarter of 2007 or early 2008. Once completed, this investment will generate immediate revenue contribution for the Group from the current metal production, as well as offer prospect for a separate public listing. The Group is also actively working on similar opportunities for mining investments in gold and iron mines and is expected to be able to announce by fourth quarter of the year.

Smelting

Qingyuan JCCL EPI will be constructing one additional smelting furnace for producing copper anode and will commence its construction in the fourth quarter of this year totalling 2 reverberatory furnaces and is expected to double the copper anode annual capacity of the Qingyuan smelting plant to 200,000 tons by the first quarter of 2008.

Scrap Metals Financing

With over nine months of close working partnership with Jiangxi Copper, the Group has built tremendous trust and smooth operations with Jiangxi Copper, and will further explore more partnership projects. The first project is to establish a scrap metal financing business with Jiangxi Copper in the second half of the Year. The business will enable a secure and stable supply of scrap copper from Qingyuan province.

Scrap Metals Sourcing and Trading

The Group's sourcing team will also act as a major sourcing and trading partner for Jiangxi Copper to supply a minimum of 50,000 tons of no. 2 scrap copper supply with Jiangxi Copper in the coming six months. The Group foresees both new business developments and close ties with Jiangxi Copper will contribute additional revenue and stronger partnership being built from the second half of 2007.

The Group's metals sourcing and trading business will expand globally and cover a wider range of non-ferrous metals. In July 2007, the Group began to expand its scrap metals sourcing operation to cover from scrap no.2 copper to brass and scrap aluminium. The Group has opened an office in Los Angeles and an office will be set up in Europe during the second half of the year.

Mr. Wong concluded, "By building a global non-ferrous supply chain network, we have moved rapidly towards our goal of being an important and one of the largest scrap sourcing buyers globally and a leading supplier of non-ferrous and scrap metals in China. Rapid industrialization combined with limited non-ferrous metals resources in China will continue to provide tremendous opportunities for the Group. I would like to thank my fellow directors and the EPI staff for their very hard work during the past eight months, which has put us well on track, and to our shareholders for their support"

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

EPI is focused on the high growth sector of non-ferrous metals, with a business scope covering metal sourcing, trading, smelting, financing, logistics and mining investment. From the solid foundation of its scrap copper operations, EPI has been rapidly developing businesses in other metals, including aluminium and zinc. Through selective mergers and acquisitions, the Group aims to accelerate its growth by integrating related supply chain services to create a worldwide sourcing network and provide Chinese state-owned non-ferrous metals enterprises with high quality services that add value to their operations with a global sourcing network covering US, Europe and Asia. The Group also operates an OEM/ODM consumer electronics business supplying customers in the United States, Europe and Latin America. EPI's mission is to achieve stable and high returns for its shareholders and to become the global sourcing leader in non-ferrous metal industry.

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