EPI (Holdings) Limited
長盈集團(控股)有限公司

HKSE:0689

Annual Report

Expanding our Horizons

New opportunities in China's non-ferrous metals and mining investment

2007

Corporate Profile

EPI is a high growth company that focuses on the non-ferrous metals and resource sector, with a business scope covering mining and resource investment, scrap metals sourcing and trading, 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 leading player in non-ferrous metals and resources in Asia.

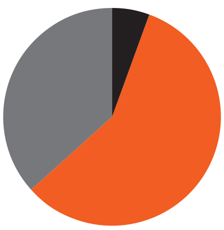
Financial Summary

	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**	1,996	▲ 3,704%
• Profit for the year attributable to equity holders of the Company* (HK$'000)	**63,511**	1,774	▲ 3,480%
• Earnings per share (HK cents)*	**1.64**	0.19	▲ 763%
• Final dividend per ordinary share (HK cents)	**0.25**	—	N/A

* The exceptional gain on debts restructuring of HK$263,168,000 had been excluded from the earnings/profit of 2006 for comparison to the results of 2007.

TURNOVER BY BUSINESS SEGMENT

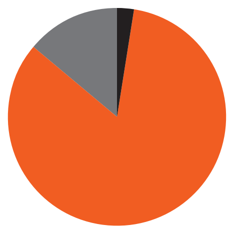
HK$'000



Consumer Electronics	**5.6%**	114,934
Metals Sourcing and Trading	**57.9%**	1,188,933
Copper Smelting	**36.5%**	749,133

GROSS PROFIT BY BUSINESS SEGMENT

HK$'000



Consumer Electronics	**2.6%**	3,298
Metals Sourcing and Trading	**83.6%**	105,134
Copper Smelting	**13.8%**	17,379

Contents

Cover: close up of copper ore

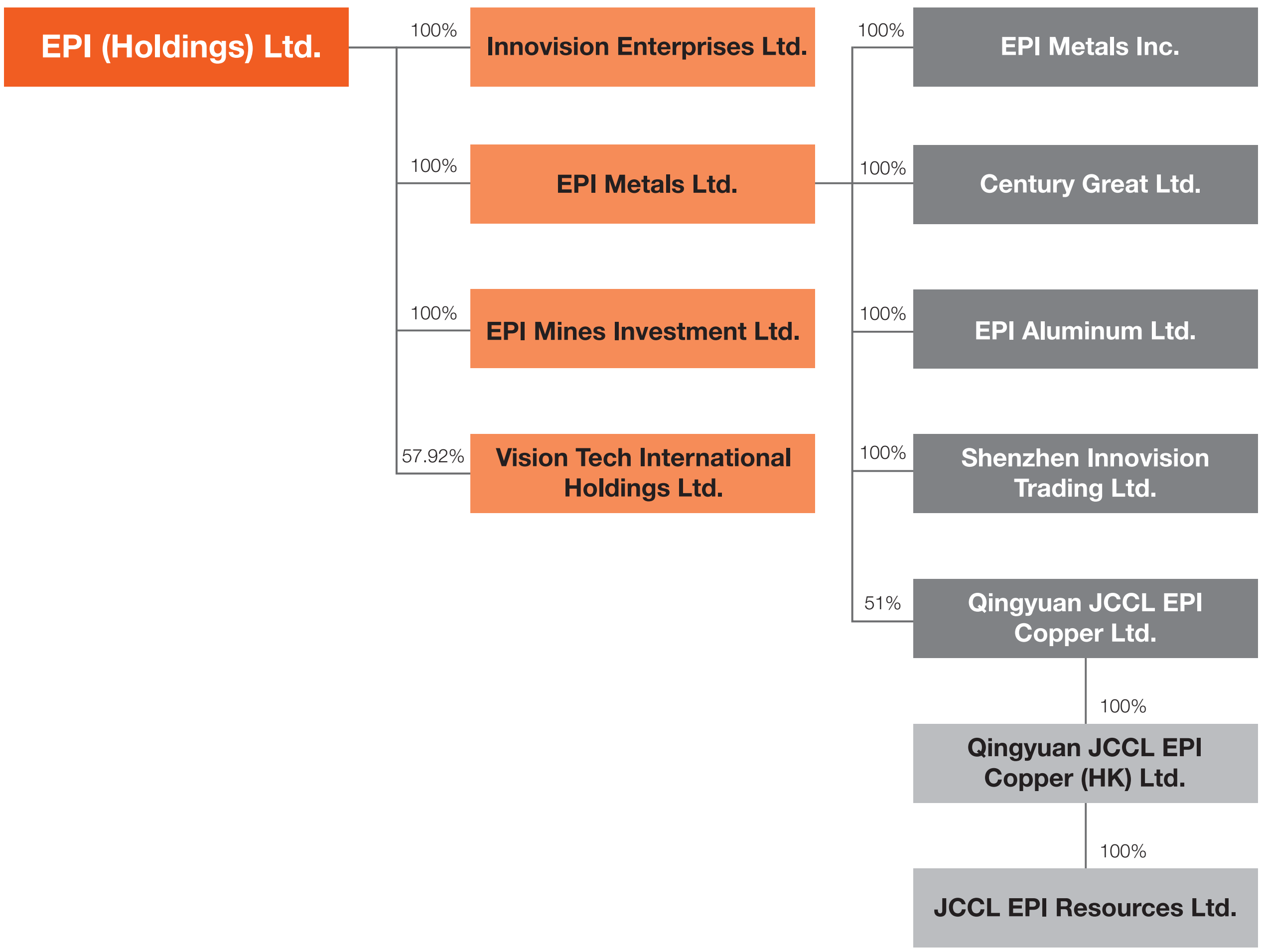
Vision and Mission

VISION Our vision is to become a leading player in metals mining and resource investment in Asia. We aim to achieve this by investing in first-class mining and resource projects while building a worldwide supply chain network covering scrap metals sourcing, copper anode production, scrap metals financing, logistics and warehousing.

MISSION Our mission is to develop strategic partnerships with major state-owned enterprises in China's mining, resource and non-ferrous metals sector, using our global sourcing and financing capabilities to provide them with high quality supply chain services. Leveraging on our financial restructuring skills, we aim to maximize value and invest in cost-competitive businesses to provide long-term and sustainable returns to shareholders.

Corporate Structure

The Corporate Structure as at 23 April 2008:



EPI Holdings Ltd. resumption of trading press conference
From left to right, Mr. Xu Mingshe, Independent Non Executive Director, Mr. Cheng Hairong, Deputy Chairman and Executive Director, Mr. Joseph Wong, Chairman and CEO, Mr. Robert Chu, Executive Director and Mr. Edmond Poon, Independent Non Executive Director

Signing Ceremony of Qingyuan JCCL EPI
From the signing table left to right, Mr. Fan Jixun, General Manager of Qingyuan JCCL EPI, Mr He Changming, ex-President of Jiangxi Copper, Mr. Joseph Wong, Chairman and CEO of EPI

Mr. Li Yi Huang, President of Jiangxi Copper officiates the Opening Ceremony of smelting plant in Qingyuan

20 SEPTEMBER 2006

Completion of restructuring agreement and Climax Associates Limited became the controlling shareholder of Great Wall Cybertech Limited. Through subscription and placing of shares raised HK$ 128,579,000.

22 SEPTEMBER 2006

Change of company name from Great Wall Cybertech Limited to EPI (Holdings) Limited

26 SEPTEMBER 2006

Resumption of trading in shares on the Stock Exchange of Hong Kong Limited

26 NOVEMBER 2006

Formation of joint venture company, Qingyuan JCCL EPI Copper Limited, with Jiangxi Copper for copper anode production. EPI accounts for 51% paid up capital of the joint venture company.

5 DECEMBER 2006

Raised HK$172,087,000 via the top-up subscription placement of 605,000,000 shares to institutional investors.

12 FEBRUARY 2007

Signed a joint venture agreement with Guangdong Guanghong International Trade Group Company Limited to invest in Guangzhou (Foshan) Metals Company Limited to establish metals logistics and metals financing business.

List of Events

Copper Anode Machine

Signing Ceremony of Framework Agreement with Daye Non Ferrous Metals Company

Mr. Joseph Wong, Chairman and CEO received the award "Hong Kong Outstanding Enterprise Parade 2007" from Hon. Jeffrey Lam Kin Fung, SBS, JP, Legislative Councilor

22 MAY 2007

Signed Framework Agreement to form joint venture company with Daye Non Ferrous Metals Company, which will inject four operating mines in Hubei, China into the joint venture company and EPI will contribute cash for 25% interest in the equity of the joint venture company.

6 JUNE 2007

Grand Opening of EPI and Jiangxi Copper joint venture company Qingyuan JCCL EPI Copper Limited Smelting Plant.

14 JUNE 2007

Raised total amount of HK$463,405,000 via top-up subscription placement of 573,540,000 shares and placement of 143,380,000 warrants to institutional investors.

28 JUNE 2007

Announcement of Discloseable Transaction in relation to subscription of 750,000,000 new shares of HK$0.10 each in Vision Tech International Holdings Limited (HKSE Code:922) conditional to completion of capital reorganization and resumption of trading.

11 DECEMBER 2007

EPI (Holdings) Limited awarded Economic Digest "Hong Kong Outstanding Enterprises Parade 2007".

7 MARCH 2008

Vision Tech International Holdings Limited (HKSE Code: 922) resumed trading in shares on the Stock Exchange of Hong Kong Limited. EPI is the largest shareholder with holding interest of 57.92% of the enlarged issued share capital.

Mr. Joseph Wong Chi Wing *Chairman and CEO*

Dear Shareholders,

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.

FINANCIAL PERFORMANCE

For the year ended 31 December 2007, the Group recorded a remarkable sales turnover of HK$2,053 million, representing a 675% increase as compared to the same period last year. Net profit after tax for 2007 was 63.5 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. In 2006, our turnover was derived solely from our consumer electronics business. In 2007, the turnover was generated from three sources: metals sourcing and trading, production of copper anode, and consumer electronics. The main revenue drivers were metals sourcing and trading and the production of copper anode, which together accounted for approximately 94.4% of the total turnover. In light of this performance, I am delighted to announce on behalf of the Board a final dividend of HK cents 0.25 per share.

In addition to our core businesses of scrap metals sourcing, copper anode production and metals financing, we focused on identifying high quality mining and resources investment opportunities as well as key institutional investors to raise capital for investment projects. Riding on Hong Kong's robust capital markets, we successfully raised HK$463 million in the year 2007, establishing a healthy financial position and laying down a good foundation for our capital requirements in metals sourcing. Due to our strong cooperation and goodwill built together with our partner Jiangxi Copper in 2007 in the copper industry, I am pleased to report that we have established over HK$1 billion bank line facilities with major China and Hong Kong banking financial institutions to meet the business working capital needs of our high growth expansion.

OUR STRATEGY

Our short-term strategy remains to build on the solid foundations laid within our scrap copper and non-ferrous metal supply chain business to provide us with a core stable revenue supply. While continuing to establish our goodwill and business network in the China market, we are also focusing our medium-and long-term strategy on expanding our investment projects in the mining and resources sector. Based on a prudent and careful investment approach, we are identifying operational mines projects that provide immediate cash contributions with a stable long-term cash inflow to the projects as well as contributions to the Group. We believe that the resource and commodity sector will be the main growth driver of our business for many years to come.

BUILDING SUSTAINABLE GROWTH

The year was dedicated to building awareness in the industry, and to becoming well known and accepted by both business partners and institutional investors for our ability to realize our strategies in terms of productive, efficient and sustainable daily operations. In this first year of full operations, the Group generated highly positive cash flows and returns, transforming itself from a company that was suspended from trading for three years on the Stock Exchange of Hong Kong into a well-recognized Hong Kong listed company.

By leveraging the Group's financial restructuring expertise and our professional investment team's brand name, we gained the attention and respect of China state-owned enterprises as well as state and provincial government delegates. As a result, we greatly enhanced our potential for forming partnerships with high-quality enterprises in China and worldwide. In June 2007, just seven months after the initial joint venture agreement was signed with Jiangxi Copper Limited, our smelting joint venture – Qingyuan JCCL EPI Copper Limited – began production of a copper anode smelting plant with annual full capacity of 50,000 tonnes per annum.

In May 2007, we signed a framework agreement to form a joint venture company with Hubei Daye Non Ferrous Metals Company (Daye Non Ferrous). Daye Non Ferrous processes one of the oldest copper exploration mines in China, with a history reaching back to the Zhou Dynasty some 3,000 years ago. It has abundant resources and minerals yet to be explored. We are honored to be able to partner with Daye Non Ferrous in their restructuring process. With the full support of Daye Non Ferrous, we are now working diligently and closely together to achieve approval from the relevant regulatory bodies in China as well as from the due diligence process towards the signing of a joint venture agreement. Upon the approval of this agreement, which we expect to be within 2008, Daye Non Ferrous will inject four of its copper mining assets and the Group will contribute cash for a 25% interest in the equity of the joint venture.

2007 was also marked by the successful restructuring of Vision Tech International Holdings Limited ("Vision Tech"), a consumer electronics company that had been suspended from trading on the board of the Stock Exchange of Hong Kong for the last five years. Once again our investment team demonstrated its core strength in finance restructuring and our experience in the consumer electronics market, enabling us to spend only nine months on the white knight rescue. Vision Tech resumed trading on the Stock Exchange of Hong Kong on 7 March 2008 and is expected to provide a substantial investment return for our shareholders.

ENHANCING CORPORATE GOVERNANCE

In addition to successfully starting up and expanding our core businesses of scrap metal sourcing and smelting of copper anode, the Group established strong banking relationships during the year in both Hong Kong and on the Mainland to support our working capital requirements. These relationships fully recognized our commitment to excellence of management, our system of internal controls and risk management, and our culture of continuous improvement in corporate governance.

During the year, the Group continued to build a solid and efficient infrastructure and operational platform ready for further growth and expansion. We implemented the enterprise resources planning (ERP) – operational software system for management control, financial accounting, trading, shipping and delivery, purchasing order, logistics tracking and human resources. The application began full operation on 1 January 2008.

To fully support our well-structured business model, we also implemented a comprehensive risk management system. Our risk management team has a stringent policy on marketing risk control, hedging risk control, operational risk control and currency risk control to ensure that our set profit margin is maintained, especially in the volatile environment of the commodity industry. All our business models take into account detailed risk assessments.

A GREENER FUTURE

The EPI Group believes that sustainable growth cannot be achieved without integrating corporate social responsibility into all our business operations and strategies. Our corporate goal is to be a leader in the industry for metals recycling and green environment business. Our scrap metal business can not only help resolve the tight supply and high demand for copper experienced by the fast-growing China State owned enterprises, but also our smelting operations can show the way for environmental compliance in China. Within one year of operation, our Qingyuan copper anode production plant has become a sample plant for the Qingyuan government to demonstrate green environmental social responsibility.

FUTURE PROSPECTS

Looking ahead, we have laid a good foundation to build on existing operations to achieve a substantial increase in business scale and volume. We are working closely to finalize long-term scrap metal trading contracts with the top four copper players in China and we are further extending and deepening our partnerships to other areas of cooperation within the supply chain. At the same time, to generate medium-to long-term sustainable revenue for the Group, we have placed considerable emphasis on our key growth driver investment business. We are concentrating our investments in precious metals, gold, iron ore, zinc and copper as well as in the oil resource and mining sector.

The Group's resource and mining investment team provides a full service to resource and mining companies from asset restructuring and capital restructuring to finance investment. We add value to their mining and exploration facilities in order to increase profit efficiency and enhance total enterprise value, so that together we can prepare the company for the public offering market. We believe we will be able to complete at least one significant mining and investment agreement within 2008, which will provide a substantial investment return to our shareholders.

OUR PEOPLE: OUR TEAM

The successful performance of the Group in 2007 was due to the resourcefulness and dedication of my fellow directors and the staff at EPI. I would like to thank each and every one of them and all our shareholders for their hard work and support. Because of them, we are well on the way to becoming the leading player in mining and resource investment and global supplier of non-ferrous scrap metals in China.

Joseph Wong
Chairman and CEO, EPI Holdings Limited

Hong Kong
23 April 2008

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).

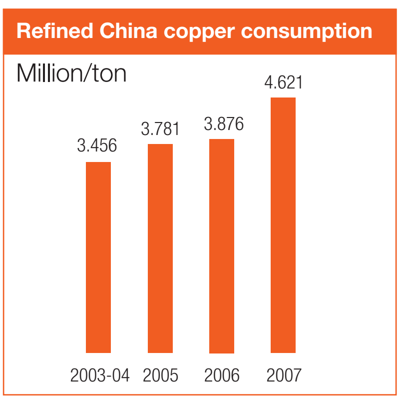
The Copper Market

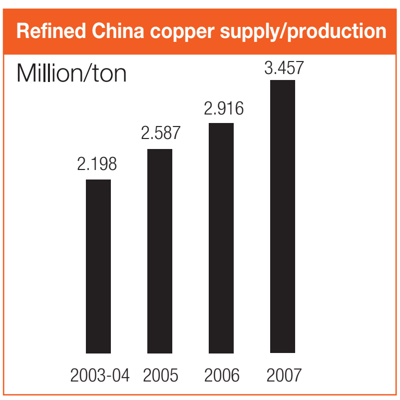
The global copper market was challenging in 2007, and is expected to remain tight in the coming year. By historical standards, copper prices in 2007 were maintained at a high level while global stocks continued to remain low. Global copper prices rallied in the first half of 2007, surging to a level 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.

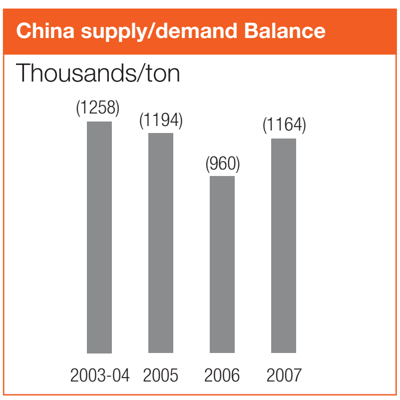
CRU statistical data indicate that China copper consumption in 2007 was at 4,621,000 tonnes, a 19.2% year-on-year increase, and continued to surpass the market supply of 3,457,000 tonnes, a 18.6% year-on year-increase. Overall, this represented a deficit supply of 1,164,000 tonnes, reflecting significant 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$1,188.9 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. (See Mining and Technical Definitions on page 86 of this report)

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 ore, zinc, precious metals such as gold, and oil resources.

The Group's mining 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. 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 maximise 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$1,188.9 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 recognises 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 recognised 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 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 2007 the Company raised aggregate net proceeds of HK$463.03 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 of 23 April 2008, the Group has approximately HK$1 billion 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.

EXECUTIVE DIRECTORS

Mr. WONG Chi Wing, Joseph, Chairman and CEO of EPI, aged 47

Mr. Wong joined the Group in September 2006. He has over 20 years of investment banking experience in the Greater China region, including experience in Capital Markets, Corporate Finance, M&A, and Corporate Restructuring.

In 1990 Mr. Wong joined CEF Holdings, a financial investment group 50% owned by Canadian Imperial Bank of Commerce (CIBC) and 50% by Cheung Kong (Holdings) Limited. Initially appointed as Assistant Director of CEF Capital Limited, he was later made Managing Director in 1995. He was also a Director of CEF (Capital Markets) Limited, and a member of CEF Holdings' Undertaking Committee responsible for credit risk management. In 2002, he left CEF Holdings to move to Canada.

In 2004, Mr. Wong returned to Hong Kong and assumed the role of a "White Knight", rescuing Great Wall Cybertech Limited (HKEx: 689) by entering into an escrow and exclusivity agreement that saved the company from the threat of liquidation. On 26 September 2006, after Great Wall Cybertech had completed its restructuring, trading of its shares resumed on the Stock Exchange of Hong Kong Limited, and Mr. Wong was appointed as Chairman and CEO of the Group. The Group was then renamed EPI (Holdings) Limited.

Mr. Wong holds a Bachelor's Degree in Social Science from the Chinese University of Hong Kong, with a major in Economics.

Mr. CHENG, Hairong, Deputy Chairman and Executive Director of EPI, aged 48

Mr. Cheng joined the Group in September 2006. He has over 20 years of experience in establishing and managing listing companies in Hong Kong as an executive director and consultant. Mr. Cheng has extensive industry knowledge in China finance and investment in sectors such as life sciences, production of marine, biotech and herbal health products, energy saving, tourism, trading, finance and brokerage. Mr. Cheng brings extensive experience and wide China business connections to EPI (Holdings) Limited.

Mr. Cheng was appointed as the Executive Director of Vision Tech International Holdings Limited (HKSE stock code: 922) on 3 March 2008. He is the founder and Managing Director of China Point Stock Brokers Limited and founder, shareholder and President of ChinaXue Ling Ltd.

Mr. CHU Kwok Chi, Robert, Executive Director, aged 57

Mr. Chu has been a Sales Director for the Group since August 2004 and was appointed Executive Director for the Group in September 2006 heading the consumer electronics business. Mr. Chu has over 30 years of experience in the international trade and the electronics industry. Mr. Chu has been responsible for the marketing, sales, trading and production of various private and listed consumer electronics companies in Hong Kong. He was the Managing Director of Eltic Electronics Company Limited, a subsidiary of Greatwall Cybertech (former name of EPI (Holdings) Limited), from 1990 to 2000.

Mr. Chu was appointed as the Executive Director of Vision Tech International Holdings Limited (HKSE Stock Code: 922) on 3 March 2008. He holds a Bachelor's Degree in Business Administration.

NON-EXECUTIVE DIRECTOR

Mr. LEUNG Hon Chuen, David, aged 56

Mr. Leung joined the Group in October 2006 and is Chairman of the Remuneration Committee. Mr. Leung has had over 25 years of experience in the financial services industry in Canada and Asia. He worked for the Canadian Imperial Bank of Commerce in Canada and Asia for 15 years, where he held senior management positions in investment banking, retail & corporate banking, and private banking. From 1994 to 1997, he was the Director and General Manager of Essential Enterprises Company Limited (HKSE Code: 128). He is currently operating a financial and investment consultation company.

Mr. Leung has a Bachelor of Arts degree with a major in Economics from the University of Western Ontario in Canada.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Kwok Shin, Edmond, aged 55

Mr. Poon joined the Group in November 2005 and is Chairman of the Audit Committee. Mr. Poon is a founder and Executive Director of Compass Technology Holdings Limited. He has 30 years of experience in financial accounting and auditing. From 1990 to 1996 he served as an Executive Director of QPL International Holdings Limited, a Hong Kong-based manufacturer of lead frames and provider of semiconductor assembly and test services. Prior to this position he worked for 14 years with Kwan Wong Tan & Fong, which merged with Deloitte & Touche to form Deloitte Touche & Tohmatsu, an international accounting firm, and was a partner of that firm when he left.

Mr. Poon received a Higher Diploma in Electronic Engineering from Hong Kong Polytechnic University in 1976, and subsequently worked for international accounting firm Touche Ross & Co. while obtaining his professional qualifications in accounting and auditing. He is a Fellow Member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

Dr. XU, Mingshe, aged 52

Dr. Xu has served as Deputy Executive Officer of ICEA Finance Holdings Limited, General Manager of the International Business Department of the Industrial and Commercial Bank of China Head Office and President of its Shenzhen Branch, as well as holding other significant positions. He has extensive experience in banking, economy, finance and public listing. He has participated in public listing issues in Hong Kong for more than 20 PRC enterprises, with total finance raised amounting to HK$ 85 billion. He has also been engaged in project financing, syndicated loans, debt restructuring and acquisitions.

Dr. Xu is currently the independent Non-Executive Director of New Ocean Energy Holdings Limited (HKSE Stock code: 342). Dr. Xu obtained a doctoral degree in economics from Xiamen University and a Bachelor's degree in English from the Guangzhou Institute of Foreign Languages. He is currently a senior economist. He has studied economics at the Institute of the International Monetary Fund in the USA and at the Beijing Institute of Economics and Management, where he also pursued his study of International Trade and International Law.

Dr. Wu, Xiaoke, aged 55

Mr. Wu joined the Group as an Independent Non-Executive Director in August 2002. He is a professional economist and a director of various companies in Hong Kong.

MANAGEMENT PROFILE

Mr. HONG Kin Choy, Bryan, Chief Financial Officer and Company Secretary, aged 43

Mr. Hong joined the Group in October 2005. He oversees the Group's financials and carries out the role of Company Secretary. Mr. Hong is a practising certified public accountant in Hong Kong and a Fellow Member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Hong has over 20 years of experience in the fields of audit, accountancy, business advisory services and corporate finance. Mr. Hong received a Professional Diploma in Accountancy from Hong Kong Polytechnic University in 1987, and subsequently worked for international accounting firm Deloitte Touche Tohmatsu for five years, where he had extensive experience in accountancy, auditing and taxation.

Mr. Hong has wide experience in the commercial sector and has held Financial Controller and General Manager positions for more than 10 years. Prior to joining the Group, Mr. Hong run a CPA firm in his own name.

Mr. CHAN, Hon Wah, Joseph, Vice President, Operations, aged 56

Mr. Chan joined the Group as Vice President in August, 2007. In his present position, Mr. Chan oversees the Group's business operations, logistics and human resources management. Mr. Chan is a qualified accountant with associate membership of the Certified General Accountants of Canada, and holder of a MBA degree in Finance and Investment from the University of Hull, UK. Mr. Chan has over 30 years banking experience, working in Asia and Canada, with substantial expertise in operations, finance and human resources management.

Prior to joining the Group, Mr. Chan held an executive level position at The Bank of Nova Scotia, where he was the Vice President of its Pacific Regional Office in Hong Kong. In this role he directed the Bank's overall operational and administrative functions in the Asia-Pacific Region covering 10 countries and 26 branches and operating units in Asia. Mr. Chan also served as director of the Bank's subsidiaries in Hong Kong and Singapore.

Miss CHEUNG, Siu Yuen, Rose, Vice President, aged 43

Miss Cheung joined the Group as Vice President in October 2006. She oversees for the Group's corporate development and capital markets.

Miss Cheung has over 20 years of experience in business strategy, marketing and sales for listed companies involved in consumer electronics, telecommunications, and in financial institutions in Asia-Pacific and China markets. Prior to joining EPI (Holdings) Limited, Miss Cheung held executive positions as the Director of Corporate Development for FE Global China Ltd., General Manager of Investor Relations for Skyworth Digital Holdings, and Director of Asia-Pacific Regional Marketing, Beenz, which oversees nine countries in the Asia-Pacific Region.

Miss Cheung graduated from York University in Toronto, Canada with a Bachelor of Arts degree in Mass Communication and Psychology. She was educated at Harvard University, Massachusetts, USA, gaining graduate credits in Banking, Finance and the Eurodollar.

Mr. YUE Yan Wai, John, Vice President of EPI Metals Ltd, aged 49

Mr. Yue joined EPI Metals Ltd., a subsidiary of the Group, in January 2007. He is head of the Group's metals sourcing team.

Mr. Yue has over 25 years of experience in sales, marketing and operations across the metal recycling and refinery business. From 2004 to 2007, Mr. Yue worked with Ecycle Tech International Ltd. in Hong Kong. As a partner and Director of the company, he was responsible for providing scrap refining services to many listed companies in Hong Kong, China and Asia, such as Johnny Electric, Philips Semiconductors, SAE Magnetics, and Cooper Lighting.

Prior to that, Mr. Yue worked at QPL Group as Sales Vice President from 1987 to 2003, where he was responsible for Sales and Marketing activities for the Group in Asia. Mr. Yue also worked as a sales manager for Heraeus Zenith Refinery Ltd. and Truegold Refinery Ltd. Mr Yue is a graduate of RMIT University in Melbourne, Australia, and holds a Bachelor of Arts degree.

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 has tried its best in the past year to identify a high caliber executive to take up either one of these roles. A suitable candidate has not yet been identified but the Company will continue to look for the right person for the post.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

BOARD OF DIRECTORS

The overall management of the Group's business is vested in the Board.

The Board is responsible for the promotion of the success of the Company by directing and guiding its affairs in an accountable and effective manner. Board members have a duty to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The types of decisions that are to be taken by the Board include:

1. Setting the Company's mission and values
2. Formulating strategic directions of the Company
3. Reviewing and guiding corporate strategy; setting performance objectives and monitoring implementation and corporate performance
4. Monitoring and managing potential conflicts of interest of management and Board members; and
5. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law.

The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board will review these arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

For the year ended 31 December 2007, the Board:-

1. reviewed and approved the annual results of the Group for the year ended 31 December 2006 and the interim results of the Group for the period ended 30 June 2007

2. reviewed and approved the general mandates to issue and repurchase shares of the Company

3. reviewed and approved the top up subscription placement of 573,540,000 shares and the issue of 143,380,000 warrants to institutional investors

4. reviewed and approved the shares repurchase by the Company

5. reviewed the internal controls of the Group

6. reviewed the performance of the Group and formulated the business strategy of the Group.

7. reviewed and approved the diversification of business to non-ferrous metals

8. reviewed and approved the Framework Agreement with Daye Non Ferrous Metals Company to form a joint venture company holding four mines in China's Hubei province.

9. reviewed and approved the price-sensitive transactions

10. reviewed and approved the Subscription Agreement with Vision Tech International Holdings Limited ("Vision Tech") to subscribe for 750,000,000 new shares at HK$0.10 per share in Vision Tech.

Regular Board meetings are scheduled in advance to give all Directors an opportunity to attend. All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors. No request was made by any Director for such independent professional advice in 2007. The Company Secretary shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings, which will be available for inspection by Directors upon request.

BOARD COMPOSITION

The Board currently comprises three Executive Directors, one Non-executive Director and three Independent Non-executive Directors, whose biographical details are set out in the section headed "Directors and Senior Management Profile" on page 17. The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operation and development of the Group.

All Directors are aware of their collective and individual responsibilities to the shareholders and have exercised their duties with care, skill and diligence, contributing to the successful performance of the Group.

BOARD MEETING RECORDS

There were eight meetings held for the year ended 31 December 2007. The following is an attendance record of the Board Meetings held by the Board during the year:

Board Members	**Attendance at meetings held for the year ended 31 December 2007**
Mr. Wong Chi Wing Joseph	7/8
Mr. Cheng Hairong	7/8
Mr. Chu Kwok Chi Robert	7/8
Mr. Leung Hon Chuen	6/8
Mr. Poon Kwok Shin Edmond	6/8
Mr. Xu Mingshe	5/8
Mr. Wu Xiaoke	4/8

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman's responsibility is to provide leadership to the Board and formulate the Group's business strategies. The Chief Executive Officer is responsible for the day-to-day operation of the Company and implementation of the development strategy adopted by the Board. 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 when a capable executive can be identified, he will be invited to take up either one of these roles in the forthcoming year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent Non-executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group. The Group's Independent Non-executive Directors have been appointed to hold office until the next Annual General Meeting and shall retire and offer themselves for re-election according to the Company's Bye-laws.

All Independent Non-executive Directors are financially independent from the Company and any of its subsidiaries.

Each of the Independent Non-executive Directors has given a written confirmation to the Company confirming that he has met the criteria set out in Rule 3.13 of the Listing Rules regarding the guidelines for the assessment of the independence of directors.

BOARD COMMITTEES

The Board has also established the following committees with defined terms of reference:-

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee

Each Board Committee makes decisions on matters within its term of reference and applicable limit of authority. The terms of reference as well as the structure and membership of each committee will be reviewed from time to time.

1) Audit Committee

a) Composition of Audit Committee members

Mr. Poon Kwok Shin Edmond *(Chairman)*
Mr. Leung Hon Chuen
Mr. Xu Mingshe

b) Role and function

The Audit Committee is mainly responsible for:

i. reviewing the financial statements and reports and considering any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.

ii. reviewing the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and making recommendations to the Board on the appointment, re-appointment and removal of external auditors.

iii. reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management system and associated procedures.

c) Meeting records

Two meetings were held for the year ended 31 December 2007 and the attendance of each committee member is set out as follows:

Committee Members	Attendance at meetings held for the year ended 31 December 2007
Mr. Poon Kwok Shin Edmond	2/2
Mr. Leung Hon Chuen	2/2
Mr. Xu Mingshe	2/2

During the meeting, the Audit Committee discussed the following matters:-

i. *Financial Reporting*

The Audit Committee reviewed with the Chief Executive Officer, the Company Secretary and the Financial Controller of the Company the interim results.

ii. *External Auditors*

The Audit Committee reviewed the audit fee for the year ended 31 December 2006 and recommended it to the Board.

The Audit Committee reviewed the requirements for the external auditors and proposed a change of auditors from Ting, Ho Kwan & Chan to Deloitte Touche Tohmatsu.

2) Remuneration Committee

a) Composition of Remuneration Committee members

Mr. Leung Hon Chuen *(Chairman)*
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe

b) Role and function

The Remuneration Committee is mainly responsible for:

i. reviewing any significant changes in human resources policies and structure made in line with prevailing trends and business developments.

ii. making recommendations to the Board on the Company's policy and the structure of all remuneration of Directors and senior management as well as on the establishment of formal and transparent procedures for developing policy on such remuneration;

iii. reviewing and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and

iv. ensuring that no Director or any of his associates is involved in deciding his or her own remuneration.

c) Meeting Records

One meeting was held for the year ended 31 December 2007 and the attendance of each committee member is set out as follows:

Committee Members	Attendance at meetings held for the year ended 31 December 2007
Mr. Leung Hon Chuen	1/1
Mr. Poon Kwok Shin Edmond	1/1
Mr. Xu Mingshe	1/1

During the year under review, the Remuneration Committee reviewed the policies for the remuneration of Directors and senior management of the Group, the staff costs and headcount of the Group. The Remuneration Committee also reviewed the remuneration package of the Directors and the senior management and concluded that they were in line with the market

3) Nomination Committee

a) Composition of Nomination Committee members

Mr. Wong Chi Wing Joseph *(Chairman)*
Mr. Leung Hon Chuen
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe
Mr. Wu Xiaoke

b) Role and function

The Nomination Committee is mainly responsible for:

i. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes;

ii. identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for Directorships;

iii. assessing the independence of Independent Non-executive Directors; and

iv. making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

c) Meeting Records

One meeting was held for the year ended 31 December 2007 and the attendance of each committee member is set out as follows:

Committee Members	Attendance at meetings held for the year ended 31 December 2007
Mr. Wong Chi Wing Joseph *(Chairman)*	1/1
Mr. Leung Hon Chuen	1/1
Mr. Poon Kwok Shin Edmond	1/1
Mr. Xu Mingshe	1/1
Mr. Wu Xiaoke	1/1

During the meeting, the Nomination Committee discussed the need to segregate the duties of Chairman and the Chief Executive Officer and unanimously agreed to identify a high caliber executive to take up either one of the roles. A suitable candidate has not yet been identified but the Nomination Committee members will continue to look for the right person for the posts and make recommendations to the Board.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for preparing the accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Directors also ensure that the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting policies.

In preparing the financial statements, the Directors consider that the financial statements of the Group are prepared on a going concern basis and appropriate accounting policies have been consistently applied. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the financial statements.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on page 37.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control so as to maintain sound and effective controls to safeguard the shareholders' investment and the assets of the Group.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes continuous updating of the internal control system of the Group in response to the changing business environment and regulatory requirements. The Board is also conducting a review of the internal controls of the Group to ensure that the policies and procedures in place are adequate.

EXTERNAL AUDITORS

The Board acknowledges its responsibility for preparing the financial statements of the Group. In preparing the financial statements, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been adopted. The principal accounting policies adopted for the preparation of financial statements of the Group, which have been consistently applied to all the years, are set out in note 3 to the financial statements.

It is the auditors' responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the auditors' report.

For the purpose of better support in audit and assurance services as the Company has grown in size after the Completion of Restructuring Proposal on 20 September 2006, the Board, upon receiving the proposal from the Audit Committee, considered that it was appropriate to appoint an external auditor with an international presence. On 10 January 2008, Messrs. Deloitte Touche Tohmatsu was appointed as auditors of the Company to fill the casual vacancy following the resignation, upon the request of the Board, of Ting Ho Kwan & Chan.

During the year under review, the remuneration paid to the Company's external auditors, Messrs. Deloitte Touche Tohmatsu was as follows:

Nature of services	Fee paid/payable HK$'000
Audit services	1,600
Non-audit services	–
	1,600

VOTING BY POLL

The Company informs the shareholders (in its circulars convening a general meeting) the procedures for voting by poll and the rights of shareholders to demand a poll to ensure compliance with the requirements on the poll voting procedures. In accordance with Bye-Law 70 of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is demanded (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll):-

(i) by the Chairman of the Meeting; or

(ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting, or

(iii) by any member or members present in person (or, in case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The Company should count all proxy votes, and except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. The Company should ensure that votes cast are properly counted and recorded.

The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:

(i) the procedure for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and

(ii) the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required.

Workers working in smelt plant

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2007.

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.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are sales, marketing, product design of audio-visual products and trading of non-ferrous metals. The principal activity of the Group's jointly controlled entity is the provision of copper smelting and production of copper anode. Particulars of the Company's principal subsidiaries are set out in note 38 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2007 (the "Year") are set out in the consolidated income statement on page 40.

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.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 85 of the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the financial statements.

PURCHASE, SALES AND 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	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			

RESERVES

Movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 42.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

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

Biographical details of Directors of the Company are set out on page 17 under the section titled "Directors and Senior Management Profile".

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company considers such Directors to be independent.

In accordance with Article 99(A) of the Company's Bye-laws, all Directors, except the Managing Director, shall retire and, being eligible, offer themselves for re-election at the Annual General Meeting of the Company in accordance with the Company's Bye-laws.

None of the Directors has a service contract with the Company or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company, or any of its subsidiaries, its holding company, or any subsidiaries of its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company and the Group was entered into or existed during the year.

COMPETING INTEREST

None of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business that competes or may compete with the business of the Group.

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

As at 31 December 2007, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions that were taken or deemed to have been taken under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Director	Beneficial owner	Number of Shares Controlled corporation (note 1)	Equity derivatives (note 2)	Total interests	Approximate percentage of the issued share capital of the company
Wong Chi Wing, Joseph	6,000,000(L)	1,708,146,000(L)	24,380,000(L)	1,738,526,000(L)	42.04%
	–	47,216,000(S)	–	47,216,000(S)	1.14%
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 Hon 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	–	–	2,380,000(L)	2,380,000(L)	0.06%

Notes

1. The Shares are held by Climax Associates Limited, which is a company incorporated in the British Virgin Islands and owned as to 51% by Rich Concept Worldwide Limited (a company beneficially wholly-owned by Mr. Wong Chi Wing Joseph), 29% by Mr. Cheng Hairong and 20% by Mr. Chu Kwok Chi Robert.
2. These interests represent the interests in underlying shares in respect of share options granted by the Company, the details of which are set out in the Section "Share Option Scheme" below.
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.
4. The short position represents the outstanding warrants not yet exercised by the warrant holders.
5. The calculation of percentages is based on 4,135,028,570 Shares of the Company in issue as at 31 December 2007.

Save as disclosed above, as at 31 December 2007, no Directors or the Chief Executive Officer have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions that were taken or deemed to be have under such provisions) or that were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or that were required in the Listing Rules pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, according to the register of interests maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") and so far as is known to, or can be ascertained after reasonable enquiry by the Directors or Chief Executive of the Company, the following persons, other than the Directors and the Chief Executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital, were as follows:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Climax Associates Limited (Note 1)	Beneficial owner	1,708,146,000 (L) 47,216,000(S)	41.31% 1.14%
Rich Concept Worldwide Limited (Note 2)	Interest of a controlled corporation	1,708,146,000 (L) 47,216,000 (S)	41.31% 1.14%

Notes
1. Climax Associates Limited is 51% owned by Rich Concept Worldwide Limited.
2. Rich Concept Worldwide Limited is beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, a Chief Executive Officer 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.
4. The short position represents the outstanding warrants not yet exercised by the warrant holders.
5. The calculation of percentages is based on 4,135,028,570 Shares of the Company in issue as at 31 December 2007.

Saved as disclosed above, as at 31 December 2007, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or the Chief Executive Officer of the Company, no persons had interests or short positions in the shares or underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or has any options in respect of such capital.

EMOLUMENT POLICY

The emolument of the employees of the Group is set up by the human resources department and seeks to provide remuneration packages on the basis of the merit, qualifications and competence of the employees. The emoluments of the Directors and senior management of the Company will be reviewed by the Remuneration Committee, having regard to factors including the Group's operating results, responsibilities of the Directors and senior management and comparable market statistics.

RETIREMENT BENEFITS SCHEME

Particulars of the retirement benefits schemes of the Group are set out in note 37 to the financial statements.

SHARE OPTION SCHEME

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

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

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

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

As at 31 December 2007, options to subscribe for an aggregate of 247,240,000 shares of the Company granted to the Directors and certain employees pursuant to the

Scheme remained outstanding, details of which were as follows:

	Number of share options								
Name of Director	At 1 January 2007	Grant during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2007	Date of Grant	Exercisable period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Mr. Wong Chi Wing Joseph	–	8,380,000	–	–	8,380,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	–	8,000,000	–	–	8,000,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	–	8,000,000	–	–	8,000,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
Mr. Cheng Hairong	–	8,380,000	–	–	8,380,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	–	8,000,000	–	–	8,000,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	–	8,000,000	–	–	8,000,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
Mr. Chu Kwok Chi Robert	–	1,340,000	–	–	1,340,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	–	660,000	–	–	660,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	–	680,000	–	–	680,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	–	1,320,000	–	–	1,320,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Leung Hon Chuen	–	1,200,000	(1,200,000)	–	–	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	–	800,000	–	–	800,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	–	400,000	–	–	400,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	–	1,180,000	–	–	1,180,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Poon Kwok Shin, Edmond	–	1,200,000	(1,200,000)	–	–	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	–	800,000	–	–	800,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	–	400,000	–	–	400,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	–	1,180,000	–	–	1,180,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Xu Mingshe	–	680,000	–	–	680,000	21 February 2007	28 February 2008 to 31 December 2009	0.30	0.27
	–	660,000	–	–	660,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
	–	660,000	–	–	660,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Employees	–	57,500,000	(2,000,000)	–	55,500,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	–	57,500,000	–	–	57,500,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	–	55,320,000	–	–	55,320,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
	–	7,200,000	–	–	7,200,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
	–	9,200,000	–	–	9,200,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
	–	1,000,000	–	–	1,000,000	15 August 2007	15 August 2008 – 15 August 2011	0.642	0.64
	–	1,000,000	–	–	1,000,000	15 August 2007	15 August 2009 – 15 August 2011	0.642	0.64
	–	1,000,000	–	–	1,000,000	15 August 2007	15 August 2010 – 15 August 2011	0.642	0.64
Total	–	251,640,000	(4,400,000)	–	247,240,000				

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	36%
– five largest customers combined	88%
Purchases	
– five largest customers combined	37%
– the largest supplier	11%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers as noted above.

CONNECTED TRANSACTIONS

JCCL EPI's Sales of Copper Materials and Use of Logistics Services (Continuing Connected Transactions)

On 22 May 2007, Qingyuan JCCL EPI Copper Limited ("JCCL EPI"), a 51% indirectly owned subsidiary of the Company, entered into (i) the Supply Framework Agreement with Jiangxi Copper Limited ("JCCL), pursuant to which JCCL EPI conditionally agreed to sell and JCCL conditionally agreed to purchase all the Copper Materials produced/processed by JCCL EPI during the three years ending 31 December 2009; and (ii) the Logistics Services Agreement, pursuant to which JCCL EPI has the right, but not the obligation to use the Logistics Services to be provided by JCC Logistics Limited ("JCC Logistics") for the three years ending 31 December 2009.

By virtue of JCCL's interest in 40% of JCCL EPI's registered capital, JCCL and JCC Logistics (being 64% owned indirect subsidiary of JCCL) are connected persons of the Group and the transactions contemplated under the Supply Framework Agreement and Logistics Services Agreement therefore constitute continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

During the year, JCCL EPI sold a total of HK$1,469 million copper materials to JCCL. The copper materials' annual cap for the sales of copper materials by JCCL EPI to JCCL under the Supply Framework Agreement is set at HK$3,214.3 million, HK$6,428.6 million and HK$7,714.3 million for the three years ending 31 December 2007, 2008 and 2009 respectively. If the amount to be paid by JCCL exceeds the said cap, independent shareholders' approval would be required. The total sales under the Supply Framework Agreement were within the annual cap of HK$3,214.3 million as stipulated in the Company's announcement on 12 June 2007.

During the year, JCCL EPI paid a total of HK$1 million copper materials to logistics Services fees to JCC Logistics. The logistics Services fees' annual cap for the use of logistic services of JCC Logistics by JCCL EPI under the Logistics Services Agreement is set at HK$11.7 million, HK$23.5 million and HK$28.2 million for the three years ending 31 December 2007, 2008 and 2009 respectively. If the amount to be paid by JCCL EPI exceeds the said cap, independent shareholders' approval would be required. The total logistics services fee paid to JCC Logistics during the year under the Logistics Services Agreement was within the annual cap of HK$11.7 million as stipulated in the Company's announcement on 12 June 2007.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda that would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EMPLOYEES

As at 31 December 2007, the Group had a total of about 30 employees in Hong Kong and 300 in the PRC Employee's costs (excluding Directors' emoluments) amounted to approximately 26.7 million (2006: 2.9 million). The Group ensures that the pay levels of its employees are competitive according to market trends and its employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the Public as of the date of this report.

CAPITAL AND OTHER COMMITMENTS

Details of capital and other commitments are set out in note 36 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are set out in note 39 to the financial statements.

AUDITORS

A resolution will be submitted to the Annual General Meeting to reappoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Wong Chi Wong Joseph
Chairman

23 April 2008

Deloitte.
德勤

TO THE MEMBERS OF EPI (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of EPI (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 84, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the basis for qualified opinion paragraphs, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 9 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 (being the completion date of debt restructuring as detailed in note 9 to the financial statements) 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 their 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 paragraphs, 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 April 2008

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Revenue	5	**2,053,000**	264,803
Cost of sales	6	**(1,927,189)**	(257,909)
Gross profit		**125,811**	6,894
Other income	7	**65,126**	8,064
Distribution and selling expenses		**(47,999)**	(884)
Administrative expenses		**(50,255)**	(9,708)
Other expenses	8	**(11,079)**	(2,126)
Net gain on debt restructuring	9	**–**	263,168
Finance costs	10	**(3,537)**	(116)
Profit before taxation		**78,067**	265,292
Taxation	11	**(14,556)**	(350)
Profit for the year attributable to equity holders of the Company	12	**63,511**	264,942
Earnings per share			
– basic	16	**1.64 HK cents**	28.3 HK cents
– diluted	16	**1.59 HK cents**	N/A

Consolidated Balance Sheet

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	17	**30,541**	779
Deposit for acquisition of property, plant and equipment		**815**	–
Prepaid lease payments	18	**18,674**	–
Loan receivables	21	**24,933**	20,933
Financial assets at fair value through profit or loss	19	**2,340**	–
		77,303	21,712
Current assets			
Inventories	20	**146,064**	–
Loan receivables	21	**24,000**	–
Trade and other receivables	22	**671,102**	70,462
Held-for-trading investments	23	**9,673**	–
Derivative financial instruments	24	**1,999**	–
Trade receivable from a joint venture partner	25	**17,057**	–
Prepaid lease payments	18	**424**	–
Pledged bank deposits	26	**26,918**	5,000
Bank balances and cash	26	**145,047**	186,344
		1,042,284	261,806
Current liabilities			
Trade and other payables	27	**194,216**	15,832
Derivative financial instruments	24	**1,126**	–
Bank borrowings	28	**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	29	**41,350**	36,082
Reserves		**740,502**	229,566
Total equity		**781,852**	265,648

The consolidated financial statements on pages 40 to 84 were approved and authorised for issue by the Board of Directors on 23 April 2008 and are signed on its behalf by:

Wong Chi Wing Joseph
Chairman

Cheng Hairong
Deputy-chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Share capital HK$'000	Share premium HK$'000	Contributed surplus reserve (Note (1)) HK$'000	Capital redemption reserve (Note (2)) HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	Warrants reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000
At 1 January 2006	80,763	792,011	145,372	9,924	–	–	–	(1,322,447)	(294,377)
Profit for the year and total recognised income for the year	–	–	–	–	–	–	–	264,942	264,942
Capital reduction	(79,955)	–	79,955	–	–	–	–	–	–
Issue of subscription and additional shares	24,278	62,250	(3,528)	–	–	–	–	–	83,000
Open offer	1,453	6,851	–	–	–	–	–	–	8,304
Share issued	3,746	33,529	–	–	–	–	–	–	37,275
Capital reserve reduction (note (3))	–	(894,641)	904,565	(9,924)	–	–	–	–	–
Set off against the entire accumulated losses of the Company (note (3))	–	–	(1,066,042)	–	–	–		1,066,042	–
Share placing after debt restructuring	6,050	172,425	–	–	–	–	–	–	178,475
Transaction costs attributable to issue of shares	–	(6,388)	–	–	–	–	–	–	(6,388)
Shares repurchased and cancelled	(253)	(5,330)	–	–	–	–	–	–	(5,583)
At 31 December 2006 and 1 January 2007	36,082	160,707	60,322	–	–	–	–	8,537	265,648
Exchange differences arising on translation of foreign operations, representing total income recognised directly in equity	–	–	–	–	3,552	–	–	–	3,552
Profit for the year	–	–	–	–	–	–	–	63,511	63,511
Total recognised income for the year	–	–	–	–	3,552	–	–	63,511	67,063
Share issued	5,735	458,832	–	–	–	–	–	–	464,567
Transaction costs attributable to issue of shares	–	(12,632)	–	–	–	–	–	–	(12,632)
Shares repurchased and cancelled	(591)	(24,275)	–	–	–	–	–	–	(24,866)
Issue of share option as share based payment	–	–	–	–	–	12,540	–	–	12,540
Exercise of share option	44	1,105	–	–	–	(247)	–	–	902
Exercise of warrants	80	8,056	–	–	–	–	(638)	–	7,498
Issue of warrants	–	–	–	–	–	–	11,470	–	11,470
Dividend paid	–	–	–	–	–	–	–	(10,338)	(10,338)
At 31 December 2007	41,350	591,793	60,322	–	3,552	12,293	10,832	61,710	781,852

Notes:

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

(2) The capital redemption reserve represented the transfer of nominal value of shares repurchased in prior years.

(3) As part of the Group's restructuring, the Company carried out a cancellation of the entire amount standing to the credit of its share premium account, capital redemption reserve account and capital reserve account. Details of which were disclosed in the Company's 2006 annual report.

Upon completion of capital reorganisation, the remaining contributed surplus would then be used to set off against the entire accumulated losses of the Company.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	2007 HK$'000	2006 HK$'000
Operating activities		
Profit before taxation	**78,067**	265,292
Adjustments for:		
Depreciation of property, plant and equipment	**1,204**	58
Share based payment expense	**12,540**	–
Amortisation of prepaid lease payment	**212**	–
Gain on debt restructuring	**–**	(263,168)
Write-down of inventories	**1,479**	–
Bank interest income	**(4,613)**	(302)
Finance costs	**3,537**	116
Operating cash flows before movements in working capital	**92,426**	1,996
Increase in inventories	**(147,543)**	–
Increase in trade and other receivables	**(597,088)**	(56,606)
Increase in trade receivable from a joint venture partner	**(17,057)**	–
Decrease in amounts due to subsidiaries not consolidated	**–**	(7,885)
Increase in investments of held-for-trading financial assets	**(9,673)**	–
Increase in trade and other payables	**178,384**	16,569
Increase in derivative financial instruments	**(873)**	–
Cash used in operations	**(501,424)**	(45,926)
Hong Kong Profit Tax paid	**(696)**	(179)
Net cash used in operating activities	**(502,120)**	(46,105)
Investing activities		
Purchases of property, plant and equipment	**(30,966)**	(770)
Interest received	**4,613**	302
Purchase of index-linked note	**(2,340)**	–
Deposit paid for acquisition of property, plant and equipment	**(815)**	–
Additions of prepaid lease payments	**(19,310)**	–
Increase in loan receivables	**(28,000)**	(20,933)
Increase in pledged bank deposits	**(21,918)**	(5,000)
Net cash used in investing activities	**(98,736)**	(26,401)
Financing activities		
Dividend paid	**(10,338)**	–
New bank borrowings raised	**369,925**	–
Repayment of bank borrowings	**(243,430)**	–
Proceeds from issue of shares upon exercise of warrants	**7,498**	–
Proceeds from issue of warrants	**11,470**	–
Proceeds from issue of shares upon exercise of share options	**902**	–
Payment to schemes' creditors	**–**	(21,500)
Settlement of restructuring expenses	**–**	(14,676)
Proceeds from issue of shares	**464,567**	307,054
Expenses on issue of shares	**(12,632)**	(6,388)
Payment on repurchase of shares	**(24,866)**	(5,583)
Interest paid	**(3,537)**	(116)
Net cash from financing activities	**559,559**	258,791
Net (decrease) increase in cash and cash equivalents	**(41,297)**	186,285
Cash and cash equivalents at beginning of the year	**186,344**	59
Cash and cash equivalents at end of the year, representing bank balances and cash	**145,047**	186,344

For the year ended 31 December 2007

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.

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.

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

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. SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating activities of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where the Company holds more than half of the issued share capital of a subsidiary, but does not control the composition of the board of directors or equivalent governing body, the financial statements of that subsidiary are not consolidated because it would be misleading to do so. Where the Company is in a position to exercise significant influence, such investments are dealt with as jointly controlled entities or associates as appropriate. Otherwise, they are dealt with as available-for-sale investments.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group’s share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group’s similar line items, line by line, in the consolidated financial statements.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group’s interest in the jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Prepaid lease payment

Payments for obtaining land use rights is considered as operating lease payment and charged to consolidated income statement over the period of land use right using the straight-line method.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets comprise of financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Financial instruments-continued

Financial assets-continued

Financial assets at fair value through profit or loss-continued

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Index-linked note is hybrid instruments that contain embedded derivatives. The Group has designated the index-linked note as "financial assets at fair value through profit or loss" upon initial recognition in accordance with HKAS 39. The notes are carried at fair values, with changes in fair values recognised in profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, trade receivable from a joint venture partner, pledge bank deposits, bank balances and cash and other receivable) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Financial instruments-continued

Impairment of financial assets-continued

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately.

Other financial liabilities

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the group entities, including warrants which will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments, are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Financial instruments-continued

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or receivable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be continue to be held in share option reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Taxation-continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

For the purposes of presenting consolidated financial statements in Hong Kong dollars, the assets and liabilities of the Group entities are translated into Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Translation differences relating to a foreign operation are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It may also change significantly as a result of technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. 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.

5. REVENUE AND SEGMENTS INFORMATION-CONTINUED

(a) Business segments-continued

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

5. REVENUE AND SEGMENTS INFORMATION-CONTINUED

(a) Business segments-continued

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

5. REVENUE AND SEGMENTS INFORMATION-CONTINUED

(a) Business segments-continued

Consolidated balance sheet

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Total HK$'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 HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Total HK$'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.

6. COST OF SALES

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

7. OTHER INCOME

	2007 HK$'000	2006 HK$'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

8. 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).

9. NET GAIN ON DEBT RESTRUCTURING

	2007 **HK$'000**	2006 HK$'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.

10. FINANCE COSTS

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

11. 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

12. PROFIT FOR THE YEAR

	2007 **HK$'000**	2006 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration (Note 13)	**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

13. DIRECTORS' EMOLUMENTS

	2007 **HK$'000**	2006 HK$'000
Fees	**450**	188
Other emoluments		
Salaries and other benefits	**9,005**	730
Retirement benefits scheme contribution	**39**	4
	9,494	922

13. DIRECTORS' EMOLUMENTS-CONTINUED

The emoluments paid or payable to each of 6 (2006: 5) directors were as follows:

Name	Fees HK$'000	Other emoluments: Salaries, and other benefits HK$'000	Other emoluments: Share based payment HK$'000	Other emoluments: Retirement benefits scheme contributions HK$'000	2007 Total HK$'000
Directors:					
Executive Directors					
Wong Chi Wing, Joseph	–	2,306	1,485	13	3,804
Chu Kwok Chi, Robert	–	910	263	13	1,186
Cheng Hai Rong	–	1,951	1,485	13	3,449
Non-Executive Directors					
Leung Hon Chuen	150	–	233	–	383
Independent non-executive Directors					
Poon Kwok Shin	150	–	233	–	383
Xu Mingshe	150	–	139	–	289
Total emoluments	450	5,167	3,838	39	9,494

Name	Fees HK$'000	Other emoluments: Salaries and other benefits HK$'000	Other emoluments: Share based payment HK$'000	Other emoluments: Retirement benefits scheme contributions HK$'000	2006 Total HK$'000
Directors:					
Executive Directors					
Wong Chi Wing, Joseph	–	495	–	1	496
Chu Kwok Chi, Robert	–	235	–	3	238
Non-Executive Directors					
Leung Hon Chuen	37	–	–	–	37
Independent non-executive Directors					
Poon Kwok Shin	114	–	–	–	114
Xu Mingshe	37	–	–	–	37
Total emoluments	188	730	–	4	922

There was no arrangement under which a director waived or agreed to waive remuneration during the year. In addition, no remuneration was paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as compensation for loss of office.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2006: one) were directors of the Company whose emoluments are included in the disclosures in Note 13. The emoluments of the remaining two (2006: four) individuals were as follows:

	2007 HK$'000	2006 HK$'000
Salaries and other benefits	**4,342**	1,659
Contributions to retirement benefit scheme	**26**	–
	4,368	1,659

There emoluments were within the following bands:

	2007 No. of employee	2006 No. of employee
HK$ nil to HK$1,000,000	**–**	4
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–

15. DIVIDENDS

Dividend recognised as distribution during the year:

	2007 HK$'000	2006 HK$'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 general meeting.

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

16. EARNINGS PER SHARE-CONTINUED

	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 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.

17. PROPERTY, PLANT AND EQUIPMENT

	Building	**Motor vehicles**	**Furniture, fixture and equipment**	**Plant and machinery**	**Construction in progress**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 January 2006	–	–	94	–	–	94
Additions	–	485	285	–	–	770
At 31 December 2006	–	485	379	–	–	864
Additions	7,683	2,916	4,212	8,935	7,220	30,966
Transfer from CIP	–	–	–	645	(645)	–
At 31 December 2007	7,683	3,401	4,591	9,580	6,575	31,830
ACCUMULATED DEPRECIATION						
At 1 January 2006	–	–	27	–	–	27
Provided for the year	–	24	34	–	–	58
At 31 December 2006	–	24	61	–	–	85
Provided for the year	78	438	424	264	–	1,204
At 31 December 2007	78	462	485	264	–	1,289
CARRYING VALUES						
At 31 December 2007	7,605	2,939	4,106	9,316	6,575	30,541
At 31 December 2006	–	461	318	–	–	779

17. PROPERTY, PLANT AND EQUIPMENT-CONTINUED

The above items of property, plant and equipment are depreciated on a straight-line basis, and after taking into account of their estimated residual value, as follow:

Building	Over the shorter of the term of the lease or 45 years
Motor vehicles	20%
Furniture, fixtures and equipment	20%-33 1/3%
Plant and machinery	12 1/2%

The Group has pledged certain plant and machinery and building having a carrying amount of approximately HK$2,777,000 (2006: HK$ nil) and HK$5,986,000 (2006: HK$nil) to secure short term bank borrowing respectively.

18. PREPAID LEASE PAYMENTS

	2007 HK$'000
CARRYING AMOUNT	
At beginning of the year	–
Additions	19,310
Charged to consolidated income statement	(212)
At end of the year	19,098

Analysed of the carrying amount of prepaid lease payments is as follows:

	2007 HK$'000
Prepaid lease payments	19,098
Less: Portion to be charged to consolidated income statement in the coming twelve months and shown as current assets	(424)
Amount due after one year	18,674

The prepaid lease payments represent leasehold interest in the PRC with rights to use the land under medium term lease and is amortised over 45 years on a straight-line basis.

The Group has pledged certain land use rights have a carrying amount of approximately HK$19,098,000 (2006: HK$nil) to secure short term bank borrowing.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007 HK$'000	2006 HK$'000
Index-linked note	2,340	–

The index-linked note is denominated in United States Dollars ("USD") with principal amount of USD300,000. The note does not bear any interest and the Group is entitled to a 100% principal protection level ("Principal Protection Clause") if the note is not redeemed before its maturity date. The Group has an option to redeem the note on or before maturity, settled at the valuation amount provided by the counterparty bank which will be determined based on the exchange rate movements on certain specified currencies at the redemption date. Early redemption is not covered by the aforesaid Principal Protection Clause.

The index-linked note is designated as financial asset at fair value through profit or loss upon initial recognition as it contains an embedded derivatives. The maturity date of the index-linked note outstanding as at 31 December 2007 is July 2012 and were therefore classified as non-current. As at 31 December 2007, the fair value of the index-linked note was determined based on the exchange rate movements on certain specified currencies as valuation amount provided by the counterparty bank.

The index-linked note has been pledged to secure banking facilities granted to the Group.

20. INVENTORIES

	2007 HK$'000	2006 HK$'000
Raw materials and consumables	77,559	–
Work in progress	8,721	–
Finished goods	59,784	–
	146,064	–

21. LOAN RECEIVABLES

	2007 HK$'000	2006 HK$'000
Loan receivables comprise:		
Interest-bearing loan receivable (note a)	**24,000**	–
Non-interest bearing loan receivable (note b)	**7,500**	–
Interest-bearing loan receivable from a joint venture partner (note c)	**17,433**	20,933
	48,933	20,933
Analysed as		
Current	**24,000**	–
Non-current	**24,933**	20,933
	48,933	20,933

Notes:

(a) The loan represents the amount drawn down and remained outstanding as at 31 December 2007 from the HK$30 million facility the Group granted to an independent third party ("ITP"). The loan is secured and bears interest at the Hong Kong prime rate offered by The Hong Kong and Shanghai Banking Corporation plus 5% and is repayable after 6 months from the loan agreement dated on 3 December 2007. The Group has assessed the ITP's credit quality and the balance is not past due at the balance sheet date. Accordingly, no impairment loss is required to recognised in the consolidated financial statements. The loan is secured by certain equity securities listed in Hong Kong held by the ITP.

(b) The amount represents a loan advanced to a wholly owned subsidiary of Vision Tech International Holdings Limited ("Vision Tech"). Vision Tech is a Hong Kong listed company and the Group became the substantial shareholder of Vision Tech subsequent to the balance sheet date (see note 39). It is unsecured and interest free. The Group has assessed the credit quality of the loan at the balance sheet date and considered that no impairment loss is required to be recognised in the consolidated financial statements.

(c) The amount represents advance to one of the joint venture partners made during the year ended 31 December 2006. The amount is unsecured and bears interest at 10% per annum.

22. TRADE AND OTHER RECEIVABLES

	2007 HK$'000	2006 HK$'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.

22. TRADE AND OTHER RECEIVABLES-CONTINUED

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

23. HELD-FOR-TRADING INVESTMENTS

	2007 HK$'000	2006 HK$'000
Held-for-trading investments included:		
Listed securities		
– Equity securities listed in Hong Kong	9,673	–

The investments represent investments in listed equity securities in Hong Kong which present the Group with opportunity for return through dividend income and trading gain. The fair value of these securities as at 31 December 2007 are based on bid prices quoted in active market.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2007 HK$'000	2006 HK$'000
Commodity forward contract – Copper Cathode		
– Derivative financial assets	1,999	–
– Derivative financial liabilities	(1,126)	–
	873	–

The Group utilises commodity forward contracts to hedge forecasted purchase of copper concentrate and/or related materials. These arrangements are designed to address significant fluctuation in the price of copper concentrate and/or related materials which move in line with the price of copper cathode. However, the Group does not designate these forward contracts as hedging instruments according to HKAS 39. Accordingly, they are treated as financial assets or liabilities held for trading and included in fair value through profit or loss. The respective unrealised gain was recognised in the consolidated income statement and the respective balance was recognised under current assets and current liabilities.

At 31 December 2007, the fair value of commodity forward contracts of the Group which are not designated as hedging instruments amounting to HK$1,999,000 (2006: HK$ nil) and HK$1,126,000 (2006: HK$nil) were recognised as current assets and current liabilities in the consolidated balance sheet respectively. Fair values of commodity forward contracts were determined by reference to the spot price of related metals quoted from London Metal Exchange and Shanghai Futures Exchange as at year end.

The major terms of these contracts (with net settlement option) as at 31 December 2007 were as follows:

	2007	2006
Position: Sell forward contracts quantities (in tonnes)	3,030	N/A
Price per tonne (HK$)	51,920-62,092	N/A
Delivery period	Jan 2008-Mar 2008	N/A

25. TRADE RECEIVABLES FROM A JOINT VENTURE PARTNER

The amount was unsecured, interest-free and aged within 90 days.

The balance was not past due at the reporting date and the Group does not hold any collateral over this balance.

The management closely monitors the credit quality of the balance and considers the balance that is neither past due nor impaired to be of a good credit quality.

26. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

	2007	2006
	HK$'000	HK$'000
Cash at banks and in hand	**145,047**	186,344
Pledged bank deposit	**26,918**	5,000
	171,965	191,344

Bank balances carry interest at market rates which range from 1% to 1.5% (2006: 1.7% to 2.5%). The pledged deposits carry fixed interest rate of 3% to 4% (2006: 3.5% to 5%). The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$26,918,000 (2006: HK$5,000,000) have been pledged to secure undrawn facilities and are therefore classified as current assets.

In addition, included in the bank balances and cash are the following amounts denominated in currencies other than the functional currency of the Group's entities:

	2007	2006
	HK$'000	HK$'000
	Equivalent	Equivalent
USD	**39,766**	891

27. TRADE AND OTHER PAYABLES

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

28. BANK BORROWINGS

	2007	2006
	HK$'000	HK$'000
Bank loans	**126,495**	–
Secured	**44,966**	–
Unsecured	**81,529**	–
	126,495	–

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2007	2006
	HK$'000	HK$'000
Carrying amount repayable		
On demand or within one year:		
Fixed-rate borrowings	**90,154**	–
Variable-rate borrowings	**36,341**	–
	126,495	–

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

	2007	2006
Effective interest rate:		
Fixed-rate borrowings	**5.832% to 6.480%**	N/A
Variable-rate borrowings	**5% to 5.83%**	N/A

The interest rate of variable-rate borrowings are based on the China's Inter-Bank Lending rate.

The Group's borrowings that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	HK$'000
	Equivalent	Equivalent
USD	**32,963**	–
Renminbi	**93,532**	–

29. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1 January 2006, 31 December 2006 and 31 December 2007	25,000,000,000	250,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 January 2006	8,076,257,020	80,763
Share consolidation (note (a) (i))	(7,995,494,450)	–
Ordinary shares of HK$1 each	80,762,570	80,763
Capital reduction (note (a) (ii))	–	(79,955)
Ordinary shares of HK$0.01 each	80,762,570	808
Issue of subscription and additional shares to an investor (note (a) (iii) (1))	2,427,750,000	24,278
Open offer (note (a) (iii) (2))	145,372,626	1,453
Issue of shares (note (a) (iii) (2))	374,627,374	3,746
Ordinary shares of HK$0.01 each upon completion of capital restructuring	3,028,512,570	30,285
Issue of shares (note (b))	605,000,000	6,050
Shares repurchase (note (c))	(25,300,000)	(253)
Ordinary shares of HK$0.01 each at 31 December 2006 and 1 January 2007	3,608,212,570	36,082
Issue of shares (note(d))	573,540,000	5,735
Exercise of share options (note(e))	4,400,000	44
Exercise of warrants subscription right (note(f))	7,976,000	80
Share repurchase (note (g))	(59,100,000)	(591)
Ordinary shares of HK$0.01 each at 31 December 2007	4,135,028,570	41,350

Notes:

(a) Pursuant to special and ordinary resolutions passed at a special general meeting held on 22 June 2006, the following capital restructuring of the Company was duly passed and the capital restructuring became effective on 20 September 2006.

(i) Share consolidation

Every 100 issued shares of HK$0.01 each in the capital of the Company was consolidated into one consolidated share of HK$1 each.

(ii) Capital reduction

The issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK$0.99 on each consolidated share so that each of the issued shares became one fully paid share of HK$0.01 each in the capital of the Company.

Surplus of approximately HK$79,955,000 arising from capital reduction had been credited directly to the contributed surplus account of the Company.

(iii) Subscription, open offer and placing pursuant to debt restructuring

(1) On 20 September 2006, 2,075 million ordinary shares of HK$0.01 each were issued to CA Ltd at a consideration of HK$83 million.

In addition, 352,750,000 ordinary shares of HK$0.01 each were issued, and credited as fully paid, at par value to CA Ltd by way of capitalisation of the amounts standing to the credit of the contributed surplus account of the Company.

(2) On 20 September 2006, 145,372,626 offer shares of HK$0.01 each were issued to the qualifying shareholders at a subscription price of HK$0.06 per share. On the same date, 374,627,374 placing shares of HK$0.01 each were placed to not less than six independent investors at a placing price of HK$0.1 per share.

HK$21.5 million out of total subscription proceeds of HK$83 million as stated in note (a)(iii)(1) has been transferred to the scheme administrators for settlement and discharge of indebtedness as part of the Group's restructuring. The balance of the proceeds from subscription, open offer and placing were then used for working capital and investment of the Company.

29. SHARE CAPITAL-CONTINUED

(b) On 5 December 2006, the Company entered into a subscription agreement with CA Ltd to allot and issue 605,000,000 ordinary shares of HK$0.01 each to CA Ltd at a subscription price of HK$0.295 per share. The subscription agreement is conditional upon completion of a placing made by the placing agent on behalf of CA Ltd.

On 18 December 2006, following completion of the placing made by CA Ltd, 605,000,000 ordinary shares of HK$0.01 were issued to CA Ltd pursuant to the subscription agreement. HK$152 million out of total subscription proceeds of HK$178 million would be applied for the non-ferrous metal business and the balance of proceeds would be used for general working capital of the Group.

(c) The Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Highest	Lowest	Aggregate consideration paid
December 2006	25,300,000	HK$0.228	HK$0.208	HK$5,583,000

The above ordinary shares were subsequently cancelled.

(d) On 14 June 2007, the Company entered into a subscription with CA Ltd., the controlling shareholder of the Company to allot and issue 573,540,000 ordinary shares of HK$0.01 each at a subscription price of HK$ 0.81 per share. The subscription agreement is conditional upon completion of the placing of 573,540,000 ordinary shares of the Company made by the placing agent on behalf of CA Ltd.. On 20 June 2007, following the completion of the placing, 573,540,000 ordinary shares of HK$ 0.01 were issued to CA Ltd. pursuant to the subscription agreement.

(e) During the year, Mr. Leung Hon Chuen, Mr. Poon Kwok Shin, Edmond and employee had exercised share options amounting to 4,400,000 shares at the subscription price of HK$0.205 per share.

(f) On 25 July 2007, 7,976,000 unit of warrants have been exercised.

(g) The Company repurchased its own share on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Highest	Lowest	Aggregate consideration paid
January 2007	23,500,000	HK$0.200	HK$0.189	HK$4,688,540
August 2007	35,600,000	HK$0.600	HK$0.470	HK$20,084,000

The above shares were cancelled upon repurchase. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

30. WARRANTS

On 14 June 2007, the Company entered into the warrant placing agreement with the placing agent pursuant to which the placing agent agreed to place warrants attaching the rights to subscribe for 143,380,000 shares on the basis of the initial exercise price of HK$0.94 per warrant share, on behalf of the Company, to placees who are independent of the Company and its connected persons, at the issue price of HK$0.08 per warrant. The warrants were exercisable from 29 June 2007 to 28 June 2008.

During the year ended 31 December 2007, 7,976,000 new shares were issued on exercise of the warrants.

31. SHARE OPTIONS

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

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

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

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

As at 31 December 2007, options to subscribe for an aggregate of 247,240,000 shares of the Company granted to the Director and certain employees pursuant to the Scheme remained outstanding.

31. SHARE OPTIONS-CONTINUED

Details of the movements in the number of share options during the year under the New Scheme are as follows:

Option type	Date of grant	Exercisable period (both date inclusive)	Exercise price HK$	Outstanding at 1.1.2006	Granted during the year	Outstanding at 1.1.2007	Granted during the year	Exercise during the year	Outstanding at 31.12.2007
	Directors:								
A	31 January 2007	21 February 2007-31 December 2009	0.205	–	–	–	20,500,000	(2,400,000)	18,100,000
B	31 January 2007	1 January 2008-31 December 2009	0.205	–	–	–	18,260,000	–	18,260,000
C	31 January 2007	1 January 2009-31 December 2009	0.205	–	–	–	16,000,000	–	16,000,000
D	21 February 2007	28 February 2007-31 December 2009	0.300	–	–	–	680,000	–	680,000
E	21 February 2007	1 January 2008-31 December 2009	0.300	–	–	–	2,140,000	–	2,140,000
F	21 February 2007	1 January 2009-31 December 2009	0.300	–	–	–	4,340,000	–	4,340,000
				–	–	–	61,920,000	(2,400,000)	59,520,000
	Employees:								
A	31 January 2007	21 February 2007-31 December 2009	0.205	–	–	–	57,500,000	(2,000,000)	55,500,000
B	31 January 2007	1 January 2008-31 December 2009	0.205	–	–	–	57,500,000	–	57,500,000
C	31 January 2007	1 January 2009-31 December 2009	0.205	–	–	–	55,320,000	–	55,320,000
E	21 February 2007	1 January 2008-31 December 2009	0.300	–	–	–	7,200,000	–	7,200,000
F	21 February 2007	1 January 2009-31 December 2009	0.300	–	–	–	9,200,000	–	9,200,000
G	15 August 2007	15 August 2008-15 August 2011	0.642	–	–	–	1,000,000	–	1,000,000
H	15 August 2007	15 August 2009-15 August 2011	0.642	–	–	–	1,000,000	–	1,000,000
I	15 August 2007	15 August 2010-15 August 2011	0.642	–	–	–	1,000,000	–	1,000,000
				–	–	–	189,720,000	(2,000,000)	187,720,000
Total				–	–	–	251,640,000	(4,400,000)	247,240,000

The vesting period ends on the date the exercisable period of the share options begin.

In respect of the share options exercised during the year ended 31 December 2007, the share price at the dates of exercise ranged from HK$0.610 to HK$0.870 and the weighted average share price is HK$0.681.

The Company has used the Binomial model (the "Model") with the consideration of vesting period and possible exercise pattern to value the share options granted during the year ended 31 December 2007. The Model is one of the commonly used models to estimate the fair value of the share option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

31. SHARE OPTIONS-CONTINUED

During the year, the share options were granted on 31 January 2007, 21 February 2007 and 15 August 2007 respectively. The estimated fair value of the options granted on that date were as follows:

Option type	Grant date	Fair value
		HK$
A	31 January 2007	0.0562
B	31 January 2007	0.0603
C	31 January 2007	0.0664
D	21 February 2007	0.0645
E	21 February 2007	0.0684
F	21 February 2007	0.0765
G	15 August 2007	0.2123
H	15 August 2007	0.2346
I	15 August 2007	0.2522

The closing prices of the Group's share each immediately before 31 January 2007, 21 February 2007 and 15 August 2007 were HK$0.205, HK$0.270 and HK$0.642 respectively.

These fair values were calculated using the Binomial option pricing model. The inputs into the model were as follows:

	Option type								
	A	B	C	D	E	F	G	H	I
Share price on grant date	0.205	0.205	0.205	0.270	0.270	0.270	0.642	0.642	0.642
Exercise price	0.205	0.205	0.205	0.300	0.300	0.300	0.642	0.642	0.642
Expected volatility	44.87%	44.87%	44.87%	44.76%	44.76%	44.76%	47.88%	47.88%	47.88%
Expected life (years)	1.92	1.92	1.92	1.75	1.75	1.75	4.00	4.00	4.00
Risk-free rate	4.059%	4.059%	4.059%	4.108%	4.108%	4.108%	4.126%	4.126%	4.126%
Expected dividend yield	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%

The Group recognised an expense in the income statement of approximately HK$12.5 million (2006: HK$nil) for the year ended 31 December 2007 in relation to share options granted by the Group.

32. JOINT VENTURE

The Group has the following significant interest in a joint venture:

Name of entity	Place of registrations/ operations	Nominal value of registered capital	Effective percentage of interest held by the Group	Principal activities
Qingyuan JCCL EPI Copper Limited ("JCCL EPI")	PRC	RMB90,000,000.00	51%	Production of copper anode

32. JOINT VENTURE-CONTINUED

The Group holds 51% (2006: nil) of the registered capital of JCCL EPI and is entitled to nominate three out of five directors. The board of directors comprise of three directors appointed by the Group and two directors appointed by the other shareholders. However, under the shareholders' agreement, all the resolutions have to be passed with approval of all the board of directors. Accordingly, JCCL EPI is jointly controlled by the Group and the other significant shareholders. Therefore, JCCL EPI is classified as a jointly controlled entity of the Group.

The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of the above joint venture:

	2007	2006
	HK$'000	HK$'000
Non-current assets	**43,940**	–
Current assets	**207,332**	–
Current liabilities	**187,591**	–
Income	**760,246**	–
Expenses	**746,087**	–

33. FINANCIAL INSTRUMENTS

Financial risk management objectives

The financial instruments are fundamental to the Group's daily operations. The Group's major financial instruments include loan receivables, trade and other receivables, trade receivable from a joint venture partner, pledged bank deposits, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed on the respective notes. The risks associated with the financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2007	2006
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**836,302**	281,038
Designated as at FVTPL	**2,340**	–
Held-for-trading investments	**9,673**	–
Derivative financial instruments	**1,999**	–
	850,314	281,038
Financial liabilities		
Amortised cost	**313,584**	3,534
Derivative financial instruments	**1,126**	–

33. FINANCIAL INSTRUMENTS-CONTINUED

Foreign currency risk management

The functional currency of the Company and its major subsidiaries which operates in Hong Kong is HK$ in which most of the transactions are denominated. The functional currency of the Group's jointly controlled entity operating in PRC is RMB in which most of its transactions are denominated. However, certain trade receivables, trade payables and bank balances of the Group are denominated in USD, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated trade and bills receivables, trade and bills payables, bank borrowings and bank balances, at the reporting date as follows:

	Liabilities		**Assets**	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**127,504**	–	**315,412**	27,941

Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis represents the trade receivables, trade payables, bank borrowings and bank balances where the denomination of certain trade receivables, trade payables, bank borrowings and bank balances are in USD, the major foreign currency risk. A positive number indicates an increase in profit for the year where HKD strengthens against USD.

	Impact of USD	
	2007	2006
	HK$	HK$
Increase (decrease) in profit for the year	**(7,751)**	(1,153)

Credit risk

As at 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

– the carrying amount of the respective recognised financial assets and loan commitments as stated in the consolidated balance sheet; and

– the amount of loan commitment is related to credit facility issued by the Group as disclosed in note 21.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in PRC and Hong Kong, which accounted for 100% (2006: 100%) of the total trade receivable as at 31 December 2007.

33. FINANCIAL INSTRUMENTS-CONTINUED

Credit risk-continued

With respect to credit risk arising from trade receivables from a joint venture partner, other receivables and margin deposit, the Group's exposure to credit risk from default of counterparties are limited as the counterparties have good credit standing and the Group does not expect any significant loss for uncollected advances from the entity.

The Group has concentration of credit risk of the Group's loan receivables from a few entities. In order to minimise the credit risk, the management continuously monitor the level of exposure to ensure that follow-up action and/or corrective actions are taken promptly to lower exposure or even to recover over due balances.

The Group has concentration of credit risk. Five largest customers represented approximately 88% (2006: 99%) of the revenue of the Group for the year ended 31 December 2007. The Group has concentration of credit risk as 97% (2006: 89%) of the total trade receivables was due from the Group's five largest customers as at 31 December 2007. Trade receivables attributable to the Group's largest debtor represented approximately 28% (2006: 81%) of the total receivables as at 31 December 2007. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Other price risk

The Group's derivative financial instrument, investments in listed equity securities and index-linked note are measured at fair value at each balance sheet date. Therefore, the Group is exposed to various price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles. Details of the derivative financial instrument, investments in listed equity securities and index-linked note are set out in notes 24, 23 and 19. The management has closely monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 10% higher/lower, profit for the year ended 31 December 2007 increase/decrease by HK$1,063,098 (2006: HK$nil) as a result of the changes in fair value of financial assets at fair value through profit or loss, derivative financial instruments and held-for-trading investments.

33. FINANCIAL INSTRUMENTS-CONTINUED

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Less than 1 month HK$'000	1-6 months HK$'000	7 months to 1 year HK$'000	Total undiscounted cash flow HK$'000	Carrying amount at 31.12.2007 HK$'000
2007						
Non-derivative financial liabilities						
Trade payables	n/a	77,596	1,794	–	79,390	79,390
Bills payables	n/a	53,829	45,972	–	99,801	99,801
Other payable	n/a	7,898	–	–	7,898	7,898
Bank loans						
– fixed rate	6.06	–	92,886	–	92,886	90,154
– variable rate	5.42*	–	37,326	–	37,326	36,341
		139,323	177,978	–	317,301	313,584
Derivative settlement net						
Commodity forward contracts	n/a	–	1,126	–	1,126	1,126

	Weighted average effective interest rate %	Less than 1 month HK$'000	1-6 months HK$'000	7 months to 1 year HK$'000	Total undiscounted cash flow HK$'000	Carrying amount at 31.12.2006 HK$'000
2006						
Non-derivative financial liabilities						
Trade payables	n/a	–	–	–	–	–
Other payables	n/a	3,534	–	–	3,534	3,534
Bank loans						
– fixed rate	n/a	–	–	–	–	–
– variable rate	n/a	–	–	–	–	–
		3,534	–	–	3,534	3,534

* The interest rate of variable-rate borrowings are based on the China's Inter-Bank lending rate as at the balance sheet date.

33. FINANCIAL INSTRUMENTS-CONTINUED

Interest rate risk

The cash flow interest rate risk relates primarily to the Group's floating rate bank borrowings and in relation to short-term deposits placed in banks that are interest-bearing at market interest rate. The fair value interest rate risk relates primarily to fixed-rate pledged bank deposits and fixed-rate loan receivables. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value and cash flow interest rate risk on bank deposits is insignificant as the fixed deposits are short-term and impact on variable-rate deposit and loan receivable is not expected to be significant.

The Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. If interest rates on bank borrowings had been 100 basis points higher/lower and all other variables were held constant, the potential effect on profit for the year is as follows:

	2007	2006
	HK$	HK$
Increase (decrease) in profit for the year	**6,325**	N/A

The management considers the fair value interest rate risk is insignificant due to the Group had no borrowings due more than one year.

34. 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.

35. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of three years.

At 31 December 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2007	2006
	HK$'000	HK$'000
Within one year	**4,253**	1,746
In the second to fifth years, inclusive	**2,698**	3,201
	6,951	4,947

36. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	2007	2006
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**13,467**	–

During the year ended 31 December 2006, a subsidiary of the Company, EPI Metals Limited, entered into a joint venture agreement with independent third parties to establish an equity joint venture company in the PRC with registered capital of RMB90 million. Pursuant to the joint venture agreement, the Group agreed to contribute RMB45.9 million.

37. RETIREMENT BENEFITS SCHEMES

The Group contributes to a MPF Scheme for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the scheme by the Group and the employees are calculated as a percentage of employee's relevant income. The retirement benefit scheme costs charged to consolidated income statement represent contributions payable by the Group to the fund. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The Group (including its subsidiaries and jointly controlled entities) also participates in the employees' pension schemes of the respective municipal government in various places in the PRC where the Group operates. The Group makes monthly contributions calculated as a percentage of the monthly payroll costs and the respective municipal government undertakes to assume the retirement benefit obligations of all existing and future retirees of the Group. The Group has no other obligations for the payment of pension and other post-retirement benefits of employees other than the above contributions payments.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which, excluding those explained below, are limited liability companies, at 31 December 2007 are as follows:

Name of subsidiaries	Place of incorporation/ operations	Nominal value of issued and fully paid ordinary share/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Innovision Enterprises Limited	Hong Kong	HK$1	–	100% (2006: 100%)	Trading of consumer electronics (indent)
EPI Metals Limited	Hong Kong	HK$1	–	100% (2006: 100%)	Metal sourcing and trading

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

39. 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. Vision Tech became a subsidiary of the Group.

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

39. SUBSEQUENT EVENTS-CONTINUED

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 and 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.

40. RELATED PARTY DISCLOSURE

(a) During the year, the Group had entered into the following significant transactions with the following related parties and connected parties:

Name of related parties	Nature of transaction	2007 HK$'000	2006 HK$'000
Jiangxi Copper Company Limited ("JCCL")	Sales of copper anode (note 1)	**749,133**	–
JCC (Guixi) Logistics Company Limited ("JCC Logistics")	Logistic service fee (note 2)	**556**	–

Notes:

(1) JCCL is the other joint venture partner of a jointly controlled entity in which the Group has a 51% interest.

(2) JCC Logistics is a 64% owned indirect subsidiary of JCCL.

(b) Balances with related parties

	2007 HK$'000	2006 HK$'000
Trade receivable from a joint venture partner	**17,057**	–
Loan receivable from a joint venture partner	**17,433**	20,933

Five Year Financial Summary

	Year ended 31 December				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**2,053,000**	264,803	513,610	119,677	59,070
Cost of sales	**(1,927,189)**	(257,909)	(498,221)	(117,147)	(77,374)
Gross profit (loss)	**125,811**	6,894	15,389	2,530	(18,304)
Net gain on debt restructuring	**–**	263,168	–	–	–
Other income	**65,126**	8,064	2,139	–	475
Distribution and selling expenses	**(47,999)**	(884)	(236)	(202)	(501)
Administrative expenses	**(50,255)**	(9,708)	(6,981)	(7,008)	(16,408)
Other expenses	**(11,079)**	(2,126)	–	–	–
Gain on deconsolidation of subsidiaries	**–**	–	–	205,229	–
Finance costs	**(3,537)**	(116)	(300)	(42)	(959)
Profit (loss) before taxation	**78,067**	265,292	10,011	200,507	(35,697)
Taxation	**(14,556)**	(350)	(1,810)	(57)	–
Profit (loss) for the year	**63,511**	264,942	8,201	200,450	(35,697)

	At 31 December				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,119,587**	283,518	13,982	2,532	48,037
Total liabilities	**(337,735)**	(17,870)	(308,359)	(305,110)	(545,595)
	781,852	265,648	(294,377)	(302,578)	(497,558)
Equity attributable to equity holders of the Company	**781,852**	265,648	(294,377)	(302,578)	(497,558)

MINING AND TECHNICAL DEFINITIONS

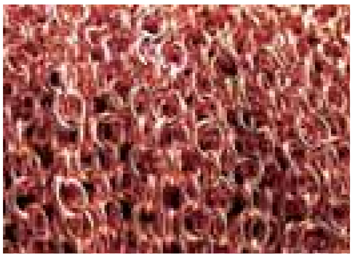
Concentrate	The product of a physical concentration process, such as flotation or gravity concentration, which involves separating ore minerals from unwanted waste rock. Concentrates require subsequent processing (such as smelting or leaching) to break down or dissolve the ore minerals and obtain the desired elements, usually metals.
Copper	A chemical element with the symbol Cu (Latin: cuprum) and atomic number 29. It is a ductile metal with excellent electrical conductivity and is rather soft in its pure state and has a pinkish luster (beside gold) unusual for a metal that is normally silvery white. It finds extensive use as an electrical conductor, heat conductor and building material, and has a component of various alloys.
Copper anode	At the final stage of the smelting of copper concentrates, the copper is cast into specially shaped slabs called anodes for subsequent refining to produce refined cathode copper. Copper anode has a nominal 99.1% to 99.5% of copper content.
Copper cathode	Refined copper produced by electrolytic refining of impure copper or by electro-winning. Copper cathode has a nominal 99.9% of copper content. Copper cathode is a medium of measurement in the international commodity exchanges such as LME and COMEX.
Gold	A chemical element with the symbol Au (from Latin aurum, meaning "shining dawn") and atomic number 79. It is a precious metal, which occurs as nuggets, grains in rocks, underground " veins" or in alluvial deposits. Gold is dense, soft and shiny and the most malleable and ductile of the known metals.
Grade or ore grade	The relative amount of valuable elements or minerals contained in a parcel of ore materials. For copper and iron, the grade is commonly expressed in percentage %. For gold and silver, the grade is commonly expressed in grams per tonne terms.
Iron	A chemical element with the symbol Fe (Latin: ferrum) and the atomic number 26. Iron is lustrous, silvery soft metal. It is one of the few ferromagnetic elements.
Indicated resource(s)	The part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred resource(s)	The part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, which may be limited or of uncertain quality and reliability.

JORC Code	The common reference for the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, as published by The Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (latest edition 2004).
LME	London Metal Exchange
Measured resource(s)	The part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling, and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
Mineral resource(s)	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
Molybdenum	A group 6 chemical element with the symbol Mo and atomic number 42 (from Greek, meaning "lead-like"); a silvery-white, hard, transition metal. It has the sixth highest melting point of any element, melting at around 2,625 degree Celsius. Molybdenum is a valuable alloying agent and is used mainly as a compound material to strengthen the resistance to corrosion, high temperature and pressure of steel and to increase its hardness. Molybdenum is found in trace amounts in plants and animals.
Non-ferrous metals	The term non-ferrous metals is used to indicate metals other than iron and alloys that do not contain an appreciable amount of iron. Ferrous, in the chemical science realm, indicates bivalent iron compound (as opposed to ferric, which indicates a trivalent iron compound). Outside of chemical science, ferrous is an adjective used to indicate the presence of iron. The word is derived from the Latin word ferrum (iron). Ferrous metals include steel and pig iron (which contains a small percentage of carbon) and alloys of iron with other metals (such as stainless steel).
Open pit or open pit mining	Mining of a deposit from a pit open to the surface and usually carried out by stripping of overburdened materials.
Ore	A naturally occurring solid material from which a metal or valuable mineral can be extracted profitably.
Ore reserve(s)	The economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors, as defined in the JORC Code. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.

Probable ore reserve(s)	The economically mineable part of an indicated resource, and in some circumstances a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Proved ore reserve(s)	The economically mineable part of a measured resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Scrap metal	A term used to describe recyclable metal materials left over from every manner of product consumption, such as parts of vehicles, building supplies and surplus materials. Scrap metal in fact has monetary value and is one of the USA's largest exports.
Scrap yards	Also known as breakers yards, these companies collect large quantities of recycled metals and resell them to metal smelters or metal traders. Scrap yards dealers sell bulk metals by weight and price primarily using domestic market metal exchange daily rates as reference.
Silver	A chemical element with the symbol Ag (Latin: argentum) and atomic number 47. It is a precious metal that is soft, white and lustrous, and also a transition metal, with the highest electrical conductivity of any element and the highest thermal conductivity of any metal. It occurs as a pure free metal (native silver) and as an alloy with gold, as well as in various minerals, such as argentite and chlorargyrite. Most silver is produced as a by-product of copper, gold, lead and zinc mining.
Smelting	A pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed.
Tonne	Metric ton
Underground mine	Openings in the earth accessed via shafts and adits below the land surface to extract minerals.

SCRAP METALS

COPPER/RED METALS


No. 1 Copper


No. 2 Copper


Light Copper


Yellow brass scrap


Copper Ingot

ALUMINUM


Taint/Tabor


Tense

CONVERSION OF WEIGHTS AND MEASURES

1 troy ounce = 31.1 grams
1 kilogram = 32.15 troy ounces
1 kilogram = 2.2046 pounds
1 metric tonne = 1,000 kilograms
1 metric tonne = 2,204.6 pounds
1 metric tonne = 1.1023 short tons

1 short ton = 2,000 pounds
1 long ton = 2,240 pounds
1 gram per metric tonne = 0.02917 troy ounces per short ton
1 gram per metric tonne = 0.03215 troy ounces per metric tonne
1 kilometre = 0.6214 miles

Disclaimer

All the information contained in this section is provided for general information and reference purposes only. EPI (Holdings) Limited does not warrant or represent that the information provided is complete and accurate. EPI (Holdings) Limited assumes no responsibility for the information contained in this section and disclaims any or all liability in respect of such information.

EPI (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

EXECUTIVE DIRECTORS

Mr. Wong Chi Wing Joseph (Chairman & CEO)
Mr. Cheng Hairong (Deputy Chairman)
Mr. Chu Kwok Chi Robert

NON-EXECUTIVE DIRECTOR

Mr. Leung Hon Chuen

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hong Kin Choy

PRINCIPAL BANKER (HONG KONG)

Bank of Communication Company Limited, Hong Kong Branch
Citic Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL BANKER (PRC)

Bank of China Limited
China Citic Bank Corporation Limited
Shenzhen Development Bank Company Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Bermuda) Limited
65 Front Street
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

AUDIT COMMITTEE

Mr. Poon Kwok Shin Edmond (Chairman of the Audit Committee)
Mr. Leung Hon Chuen
Mr. Xu Mingshe

REMUNERATION COMMITTEE

Mr. Leung Hon Chuen (Chairman of the Remuneration Committee)
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe

NOMINATION COMMITTEE

Mr. Wong Chi Wing Joseph (Chairman of the Nomination Committee)
Mr. Leung Hon Chuen
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe
Mr. Wu Xiaoke

REGISTERED OFFICE

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Hamilton HM 11
Bermuda

INVESTORS CONTACT

Miss Rose Cheung

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SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

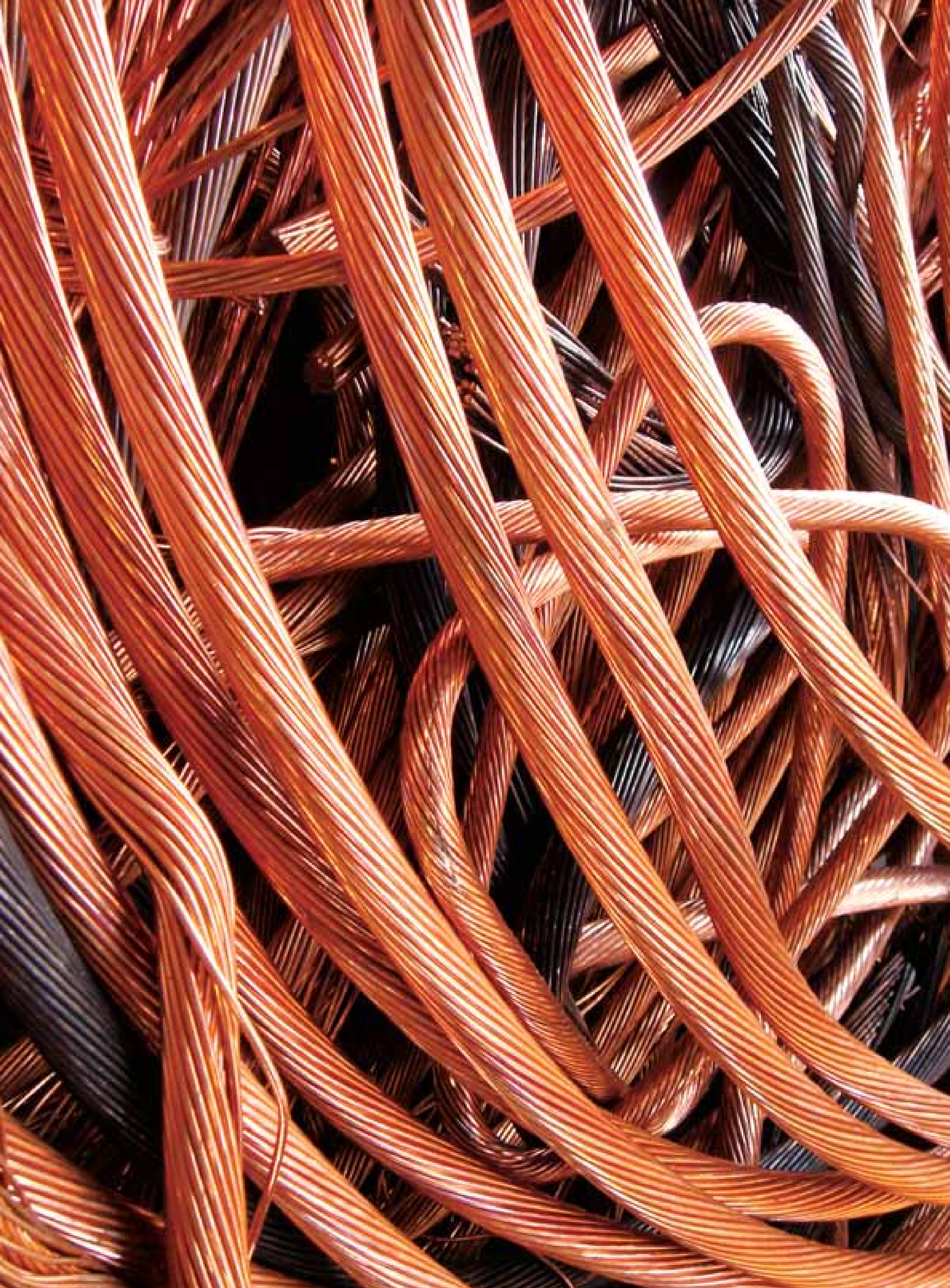
Deloitte Touche Tohmatsu

SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 0689
Board lot: 20,000 shares
Financial year end: 31 December
Share price at 31 December 2007: HK$0.42
Market capitalization at 31 December 2007: HK$1,737 million

WEBSITE ADDRESS

www.epiholdings.com



The FSC logo identifies products which contain wood and virgin fibre from well-managed forests certified in accordance with the rules of the Forest Stewardship Council.