HUA YI COPPER HOLDINGS LIMITED
華藝礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

2009/10 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Directors") of Hua Yi Copper Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2009, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2009

	NOTES	Continuing operations For the six months ended 31 December 2009 HK$'000 (Unaudited)	Continuing operations 2008 HK$'000 (Unaudited)	Discontinued operations For the six months ended 31 December 2009 HK$'000 (Unaudited)	Discontinued operations 2008 HK$'000 (Unaudited)	Total For the six months ended 31 December 2009 HK$'000 (Unaudited)	Total 2008 HK$'000 (Unaudited)
Turnover	3	**156,216**	998,446	**—**	107,958	**156,216**	1,106,404
Cost of sales		**(151,513)**	(1,233,362)	**—**	(104,909)	**(151,513)**	(1,338,271)
Gross profit/(loss)		**4,703**	(234,916)	**—**	3,049	**4,703**	(231,867)
Interest income		**51**	3,391	**—**	41	**51**	3,432
Other income		**4,054**	4,573	**—**	237	**4,054**	4,810
General and administrative expenses		**(11,594)**	(23,077)	**—**	(3,756)	**(11,594)**	(26,833)
Selling and distribution expenses		**(942)**	(1,550)	**—**	(2,622)	**(942)**	(4,172)
Finance costs		**(4,092)**	(17,762)	**—**	(1,766)	**(4,092)**	(19,528)
Share of results of a jointly-controlled entity		**—**	(3,129)	**—**	—	**—**	(3,129)
Gain on deemed disposal of jointly-controlled entity and disposal of available-for-sale investment, net		**—**	4,900	**—**	—	**—**	4,900
Gain on disposal of subsidiaries, net		**53**	—	**—**	—	**53**	—
Impairment loss on intangible asset and loans receivable		**(91,896)**	—	**—**	—	**(91,896)**	—
Change in fair value of derivative financial instruments		**—**	355	**—**	—	**—**	355
Change in fair value of convertible note designated as at fair value through profit or loss		**(35,153)**	(7,520)	**—**	(26,512)	**(35,153)**	(34,032)

* *For identification purposes only*

	NOTES	Continuing operations For the six months ended 31 December 2009 HK$'000 (Unaudited)	Continuing operations 2008 HK$'000 (Unaudited)	Discontinued operations For the six months ended 31 December 2009 HK$'000 (Unaudited)	Discontinued operations 2008 HK$'000 (Unaudited)	Total For the six months ended 31 December 2009 HK$'000 (Unaudited)	Total 2008 HK$'000 (Unaudited)
Loss before taxation	4	**(134,816)**	(274,735)	**—**	(31,329)	**(134,816)**	(306,064)
Taxation	5	**13,696**	(339)		—	**13,696**	(339)
Loss for the period		**(121,120)**	(275,074)	**—**	(31,329)	**(121,120)**	(306,403)
Other comprehensive income:							
Exchange differences on translating foreign operations		**—**	—	**—**	(3,904)	**—**	(3,904)
Total comprehensive loss for the period		**(121,120)**	(275,074)	**—**	(35,233)	**(121,120)**	(310,307)
Loss for the period attributable to:							
Owners of the Company		**(121,120)**	(274,780)	**—**	(31,329)	**(121,120)**	(306,109)
Non-controlling interests		**—**	(294)	**—**	—	**—**	(294)
		(121,120)	(275,074)	**—**	(31,329)	**(121,120)**	(306,403)
Total comprehensive loss for the period attributable to:							
Owners of the Company		**(121,120)**	(274,780)	**—**	(35,233)	**(121,120)**	(310,013)
Non-controlling interests		**—**	(294)	**—**	—	**—**	(294)
		(121,120)	(275,074)	**—**	(35,233)	**(121,120)**	(310,307)
Loss per share:	7						
from continuing and discontinued operations							
— Basic (HK cents)						**(16.6)**	(172.9)
from continuing operations							
— Basic (HK cents)						**(16.6)**	(155.2)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTES	31 December 2009 HK$'000 (Unaudited)	30 June 2009 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**170,270**	261,837
Prepayments for acquisition of property, plant and equipment		—	14,000
Prepaid lease payments for land — non-current portion		**10,181**	14,241
Intangible asset		—	55,128
Convertible note designated as at fair value through profit or loss		**11,600**	46,753
Loans receivable, secured		—	21,198
		192,051	413,157
Current assets			
Inventories		**24,337**	21,179
Debtors, other receivables, deposits and prepayments	8	**105,209**	38,092
Held for trading investments		**4,943**	—
Loans receivable, secured		—	14,702
Bills receivable	9	**3,531**	1,739
Prepaid lease payments for land — current portion		**163**	365
Bank balances and cash		**337,874**	89,000
		476,057	165,077
Current liabilities			
Creditors, other advance and accruals	10	**54,682**	54,965
Borrowings		**82,888**	96,940
Taxation		**2,024**	2,049
		139,594	153,954
Net current assets		**336,463**	11,123
Total assets less current liabilities		**528,514**	424,280

	NOTES	31 December 2009 HK$'000 (Unaudited)	30 June 2009 HK$'000 (Audited)
Non-current liabilities			
Borrowings		—	11,364
Deferred tax liabilities		**752**	15,790
		752	27,154
Net assets		**527,762**	397,126
EQUITY			
Capital and reserves			
Share capital		**97,596**	16,709
Reserves		**430,166**	380,417
Equity attributable to equity holders of the Company		**527,762**	397,126

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (Note (a))	Exchange reserve HK$'000 (Note (b))	Statutory reserve fund HK$'000 (Note (c))	Special reserve HK$'000 (Note (d))	Share option reserve HK$'000 (Note (e))	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2008	177,061	124,891	172,724	57,470	14,005	(43,246)	10,626	190,906	704,437	2,736	707,173
Total comprehensive loss for the period	—	—	—	(3,904)	—	—	—	(306,109)	(310,013)	(297)	(310,310)
Capital reorganisation	(168,208)	—	168,208	—	—	—	—	—	—	—	—
Cancellation and lapse of share options	—	—	—	—	—	—	(10,626)	10,626	—	—	—
At 31 December 2008 (unaudited)	8,853	124,891	340,932	53,566	14,005	(43,246)	—	(104,577)	394,424	2,439	396,863
Total comprehensive loss for the period	—	—	—	2,156	—	—	—	(16,494)	(14,338)	(2,439)	(16,777)
Release upon deemed disposal of a jointly-controlled entity	—	—	—	(3,044)	—	—	—	—	(3,044)	—	(3,044)
Release upon asset swap	—	—	—	(32,921)	—	—	—	—	(32,921)	—	(32,921)
Issue of shares by placement	6,971	35,162	—	—	—	—	—	—	42,133	—	42,133
Issue of shares upon exercise of share options	885	6,567	—	—	—	—	—	—	7,452	—	7,452
Recognition of equity-settled expense — share-based payments	—	—	—	—	—	—	3,420	—	3,420	—	3,420
Transfer upon exercise of share options	—	3,420	—	—	—	—	(3,420)	—	—	—	—
At 30 June 2009 and 1 July 2009 (audited)	16,709	170,040	340,932	19,757	14,005	(43,246)	—	(121,071)	397,126	—	397,126
Total comprehensive loss for the period	—	—	—	—	—	—	—	(121,120)	(121,120)	—	(121,120)
Issue of shares by placement	15,823	45,838	—	—	—	—	—	—	61,661	—	61,661
Issue of shares by open offer	65,064	125,031	—	—	—	—	—	—	190,095	—	190,095
	97,596	340,909	340,932	19,757	14,005	(43,246)	—	(242,191)	527,762	—	527,762

Notes:

(a) In prior years, the Group undertook a capital reorganisation resulting in eliminating the share premium account of the Company as at 30 September 2005 of HK$260,881,000 against the accumulated losses as at 30 September 2005 of HK$88,157,000 with the remaining balance of HK$172,724,000 credited to contributed surplus of the Company.

For the year ended 30 June 2009, the Group undertook a capital reorganisation resulting in eliminating the share capital of the Company of HK$168,208,000 which was credited to the contributed surplus of the Company.

(b) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(c) According to articles of association of the Group's subsidiary operating in the People's Republic of China (the "PRC"), the subsidiary is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividend to equity holders of the PRC subsidiary.

(d) The special reserve arose from the business combination carried out by the Company in 2004, which was accounted for as a reverse acquisition. The details of the transaction were set out in the circular of the Company dated 14 June 2004.

(e) The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the eligible parties.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

(a) The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments

The adoption of the above new/revised HKFRSs had no material effect on the financial statements of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised) and other changes as set out below. All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards. The statements of financial position, previously known as balance sheets, at the beginning of the year ended 30 June 2009 have not been presented as there were no changes to the originally published statements.

HKFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

HKAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions are recognised within equity and no longer give rise to goodwill, nor gain from bargain purchase. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by HKFRS 3 (Revised) and IAS 27 (Amended) affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

HKFRS 8 supersedes HKAS 14 "Segment Reporting", and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-markers in order to allocate resources to the segment and to assess its performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-markers as required by HKFRS 8, there are no changes to the operating segments and the results of operating segments on the adoption of HKFRS 8.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

		Effective date
HKFRSs (Amendments)	Improvements to HKFRSs 2009	(i)
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions	(i)
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments	(ii)
HKAS 24 (Revised)	Related Party Disclosures	(iii)
HKFRS 9	Financial Instruments	(iv)

Effective date:

(i) Annual periods beginning on or after 1 January 2010
(ii) Annual periods beginning on or after 1 July 2010
(iii) Annual periods beginning on or after 1 January 2011
(iv) Annual periods beginning on or after 1 January 2013

The amendment to HKAS 17 made under the "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Groups.

3. SEGMENT INFORMATION

(a) Reportable segments

The Group manages its business by divisions, which are organized by business lines. The Group's reportable segments under HKFRS 8 do not differ materially from those previously disclosed under HKAS 14 and are therefore as follows:

(i) manufacture and trading of copper rods;

(ii) iron-ore mining, manufacture and sale of iron-ore concentrated powder; and

(iii) manufacture and sale of cable and wires.

For the six months ended 31 December 2009 (unaudited)

	Continuing operations				Discontinued operations			
	Copper rods	**Iron-ore concentrated powder**	**Cable and wires**	**Total**	**Life-like plant**	**Production, distribution and licensing of television programmes**	**Total**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER								
Sales to external customers	**68,940**	**243**	**87,033**	**156,216**	—	—	—	**156,216**
RESULTS								
Segment results	**(1,016)**	**(2,420)**	**(1,757)**	**(5,193)**	—	—	—	**(5,193)**
Unallocated corporate income				**2,680**				**2,680**
Unallocated corporate expenses				**(5,307)**				**(5,307)**
Gain on disposal of subsidiaries, net				**53**				**53**
Impairment loss on intangible asset and loans receivable				**(91,896)**				**(91,896)**
Change in fair value of convertible note designated as at fair value through profit or loss				**(35,153)**				**(35,153)**
Loss before taxation				**(134,816)**				**(134,816)**
Taxation				**13,696**				**13,696**
Loss for the period				**(121,120)**				**(121,120)**

For the six months ended 31 December 2008 (unaudited)

	Continuing operations			Discontinued operations			
	Copper rods	Iron-ore concentrated powder	Total	Life-like plant	Production, distribution and licensing of television programmes	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
Sales to external customers	995,289	3,157	998,446	107,958	—	107,958	1,106,404
RESULTS							
Segment results	(249,250)	(5,386)	(254,636)	(29,558)	—	(29,558)	(284,194)
Unallocated corporate income			1,651				1,651
Unallocated corporate expenses			(859)	(5)	—	(5)	(864)
Finance costs			(17,762)	(120)	(1,646)	(1,766)	(19,528)
Share of results of a jointly-controlled entity			(3,129)				(3,129)
Loss before taxation			(274,735)	(29,683)	(1,646)	(31,329)	(306,064)
Taxation			(339)	—	—	—	(339)
Loss for the period			(275,074)	(29,683)	(1,646)	(31,329)	(306,403)

(b) Geographic information

The Group's turnover for the six months ended 31 December 2009 and 2008, analysed by geographical locations of customers, is as follows:

	Continuing operations For the six months ended 31 December		**Discontinued operations For the six months ended 31 December**		**Total For the six months ended 31 December**	
	2009	2008	**2009**	2008	**2009**	2008
	Turnover	Turnover	**Turnover**	Turnover	**Turnover**	Turnover
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Mainland China	**156,216**	998,446	**—**	—	**156,216**	998,446
Americas	**—**	—	**—**	104,448	**—**	104,448
Europe	**—**	—	**—**	1,857	**—**	1,857
Hong Kong	**—**	—	**—**	1,202	**—**	1,202
Other Asian regions	**—**	—	**—**	451	**—**	451
	156,216	998,446	**—**	107,958	**156,216**	1,106,404

4. LOSS BEFORE TAXATION

	Continuing operations For the six months ended 31 December		Discontinued operations For the six months ended 31 December		Total For the six months ended 31 December	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss before taxation has been arrived at after charging:						
Depreciation of property, plant and equipment	**9,672**	11,075	**—**	687	**9,672**	11,762

5. TAXATION

	Continuing operations For the six months ended 31 December		Discontinued operations For the six months ended 31 December		Total For the six months ended 31 December	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Hong Kong profits tax	**—**	268	**—**	—	**—**	268
Under provision in respect of prior period	**—**	173	**—**	—	**—**	173
Taxation in Mainland China	**—**	3	**—**	—	**—**	3
	—	444	**—**	—	**—**	444
Deferred taxation	**(13,969)**	(105)	**—**	—	**(13,969)**	(105)
	(13,969)	339	**—**	—	**(13,969)**	339

Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision of taxation has been provided in the condensed financial statements for the six months ended 31 December 2009 as the Group did not have any assessable profits during the period.

6. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2009 (2008: HK$nil).

7. LOSS PER SHARE — BASIC

From continuing and discontinued operations

The calculation of the basic loss per share is based on the following data:

	For the six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(121,120)**	(306,109)

	Number of shares For the six months ended 31 December	
	2009	2008
Weighted average number of ordinary shares for the purpose of basic loss per share	**731,363,600**	177,061,300

From continuing operations

The calculation of the basic loss per share from continuing operations is based on the following data:

	For the six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(121,120)**	(27,780)

From discontinued operations

For the six months ended 31 December 2008, basic loss per share from discontinued operations was 17.7 HK cents based on the loss for the period from discontinued operations of HK$31,329,000. The denominators used are the same as those detailed above for basic and diluted loss per share.

For the six months ended 31 December 2009, there was no diluting events existed and thus no diluted loss per share was presented.

8. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSIT AND PREPAYMENTS

At 31 December 2009, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK$50,512,000 (30 June 2009: HK$28,899,000). The Group allows an average credit period of 0 to 90 days to its trade debtors.

The aging analysis of trade debtors, net of allowance for doubtful debt, based on invoice date, is as follows:

	31 December 2009 *HK$'000* **(Unaudited)**	30 June 2009 *HK$'000* (Audited)
Within 30 days	**25,852**	11,318
31–60 days	**15,143**	4,228
61–90 days	**8,557**	6,105
Over 90 days	**960**	7,248
	50,512	28,899

9. BILLS RECEIVABLE

The age of bills receivable as at 31 December 2009 and 30 June 2009 is within 180 days.

10. CREDITORS, OTHER ADVANCES AND ACCRUALS

At 31 December 2009, included in the Group's creditors, other advances and accruals are trade creditors of HK$26,848,000 (30 June 2009: HK$15,220,000).

The aging analysis of trade creditors, based on invoice date, is as follows:

	31 December 2009 *HK$'000* **(Unaudited)**	30 June 2009 *HK$'000* (Audited)
Within 30 days	**13,287**	4,778
31–60 days	**1,774**	2,182
61–90 days	**4,606**	2,106
Over 90 days	**7,181**	6,154
	26,848	15,220

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 31 December 2009, the Group recorded a turnover of approximately HK$156 million, representing a decrease of approximately 86% as compared to approximately HK$1,106 million for the corresponding period in the previous year. Loss attributable to shareholders was approximately HK$121 million (2008: HK$306 million). Basic loss per share was approximately HK16.6 cents (2008: HK172.9 cents).

Interim Dividend

The Directors do not recommend to pay any interim dividend for the six months ended 31 December 2009 (2008: HK$nil).

Business Review

During the period under review, the continuing operations of the Group are copper rod business, the cable and wire business and the iron-ore mining business. The copper rod business recorded a turnover of approximately HK$69 million, representing approximately 44% of the Group's turnover. The cable and wire business was acquired as a result of the asset swap transaction completed in February 2009 (the "Asset Swap") (please refer to 2009 Annual Report for details of the Asset Swap) and turnover of HK$87 million was recorded under the current period, representing approximately 56% of the Group's total turnover. Iron-ore mining business remained insignificant and represented less than 1% of the Group's total turnover. All turnover of the Group was generated from the PRC.

Copper rod business

The copper rod business covers the manufacturing and trading of copper rods and copper wires used primarily in producing power wires and cables for household electrical products and infrastructure facilities.

The copper rod business was downsized with the disposal of the copper rod business located in Dongguan City as part of the Asset Swap. As a consequence, the turnover of which was significantly drop by approximately 93% from HK$995 million for the six months ended 31 December 2008 to HK$69 million for the six months ended 31 December 2009. A segment loss of approximately HK$1 million was recorded for the period under review as compared to a segment loss of HK$239 million for the corresponding period last year.

Cable and wires business

Following the completion of the Asset Swap, the Group added the cable and wires business into its continuing operations which became the largest business of the Group in terms of turnover. Due to the keen competition and the a drop in the demand in the electrical appliances and electronics market, the business was tough and the management would strive to improve the efficiency and effectiveness of the operation. During the period under review, a turnover of approximately HK$87 million and a segment loss of approximately HK$2 million were recorded.

Iron-ore mining business

The mining operation remained idle due to the continuing decline in the price of iron-ore concentrated powder which significantly affected the profitability of the business.

In view of the uncertainty of its operation, the Group made an impairment loss of the mining business and loans receivable of approximately HK$92 million during the period to reflect the decline in value of the mining business.

Prospects

The business environment under which the Group operates remained competitive. The Group would continue its cost control initiatives and risk management measures in each of the business segments with the view to remain efficient and competitive in the industry. To improve the overall financial position of the Group, the Company undertook a placing of shares and an open offer during the period and a total of approximately HK$252 million net proceeds were generated which significantly strengthened the Group's working capital and financial position. Details of which are stated under the headings "Placing of 316,470,000 New Shares" and "Open Offer" below. The Group is committed to explore new investment and business opportunities with the funds raised to maximize the returns to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had cash and bank balances amounting to approximately HK$338 million (30 June 2009: HK$89 million) and net current assets value being over HK$336 million (30 June 2009: 11 million). The Group's gearing ratio as at 31 December 2009 was 0.16 (2008: 0.27), being a ratio of total bank borrowings of approximately HK$83 million (30 June 2009: HK$108 million) to shareholders' fund of approximately HK$528 million (30 June 2009: HK$397 million).

As at 31 December 2009, the Group had pledged certain property, plant and machinery with aggregate net book value of approximately HK$63 million (31 December 2009: HK$113 million) to secure general banking facilities granted to the Group.

The Group does not anticipate any material foreign exchange exposure since its functional currencies are mainly denominated in Hong Kong dollars, United States dollars and Renminbi.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had approximately 500 employees in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

PLACING OF 316,470,000 NEW SHARES

On 26 May 2009, the Company and the placing agent entered into a placing agreement pursuant to which the Company agreed to place, through the placing agent, on a best efforts basis, a maximum of 316,470,000 new Shares to independent investors at a price of HK$0.20 per Share. The net proceeds from the placing of approximately HK$62 million was intended to be used for general working capital of the Company. The specific mandate in respect of the issuance of the placing shares was approved by the shareholders of the Company at the special general meeting held on 25 June 2009 and the placing was completed on 16 July 2009. Details of the placing were set out in the announcement and the circular of the Company dated 12 May 2009 and 9 June 2009 respectively.

DISPOSAL OF INTEREST IN FORTUNE POINT GROUP

On 20 August 2009, Hua Yi Copper (BVI) Company Limited ("HYC (BVI)"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser pursuant to which HYC (BVI) agreed to dispose of and the purchaser agreed to purchase the entire interest of Fortune Point Limited and its subsidiaries (the "Fortune Point Group") held by HYC (BVI) at a consideration of HK$4.5 million. The disposal was completed on 24 August 2009. Details of the disposal were set out in the announcement of the Company dated 20 August 2009.

OPEN OFFER

On 19 October 2009, the Company announced an offer for subscription of 1,301,282,600 offer shares (the "Offer Shares") in the proportion of two Offer Shares for every one Share held by the qualifying shareholders on 25 November 2009 at an offer price of HK$0.15 per Offer Share (the "Open Offer"). The Open Offer was approved by the shareholders at the special general meeting on 25 November 2009. The Open Offer was completed on 16 December 2009 and net proceeds of approximately HK$190 million was raised. Details of the Open Offer were set out in the prospectus of the Company dated 26 November 2009 and the results of the Open Offer announcement dated 12 December 2009.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 December 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2009, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of securities on the Stock Exchange (the "Listing Rules") except for the deviation from code provisions A.4.1 of the Code which is explained below.

Code provision A.4.1

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

The existing Independent Non-executive Directors were not appointed for a specific term as required under code provision A.4.1 of the Code but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules (the "Model Code"). All Directors confirmed that they have complied with the required standards set out in the Model Code.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company currently comprises of Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 31 December 2009.

By Order of the Board
Hua Yi Copper Holdings Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 30 March 2010

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.