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HUA YI COPPER HOLDINGS LIMITED

華藝礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

2011/12 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 2011, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

		For the six months ended 31 December	
		2011	2010
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Turnover	3	167,337	162,281
Cost of sales		(159,377)	(154,137)
Gross profit		7,960	8,144
Interest income		7,285	5,006
Other income		2,381	193
General and administrative expenses		(10,912)	(26,857)
Selling and distribution expenses		(1,614)	(1,349)
Finance costs	4	(2,560)	(4,067)
Change in fair value and gain on maturity of convertible note designated at fair value through profit or loss		35,083	(1,606)
Gain on disposal of a subsidiary	11	—	41,944
Change in fair value of warrants included in derivative financial liabilities		6,988	—
Change in fair value of financial assets at fair value through profit or loss		(42,604)	65

* For identification purposes only

		For the six months ended 31 December	
		2011	2010
<i>NOTES</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit before taxation	5	2,007	21,473
Taxation	6	(60)	59
Profit for the period		1,947	21,532
Other comprehensive income			
Exchange differences arising on translation of foreign operations		2,109	—
Total comprehensive income for the period		4,056	21,532
Profit for the period attributable to owners of the Company		1,947	21,532
Total comprehensive income for the period attributable to owners of the Company		4,056	21,532
Earnings per share:	8		
— Basic (HK cents)		0.06	0.75
— Diluted (HK cents)		0.06	0.74

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

		31 December 2011 <i>NOTE</i> HK\$'000 (Unaudited)	30 June 2011 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		144,058	149,440
Prepayments for acquisition of property, plant and equipment		—	341
Prepaid lease payments for land		10,135	10,051
Loan receivable		3,000	—
Total non-current assets		157,193	159,832
Current assets			
Inventories		26,398	28,345
Debtors, other receivables, deposits and prepayments	9	68,254	79,327
Bills receivable		14,349	16,173
Loans receivable		60,561	86,051
Derivative financial assets		—	68
Prepaid lease payments for land		240	237
Convertible note designated as at fair value through profit or loss		—	4,917
Financial assets at fair value through profit or loss		97,928	95,086
Bank balances and cash		346,960	307,678
Total current assets		614,690	617,882

		31 December 2011	30 June 2011
	<i>NOTE</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Current liabilities			
Creditors, other advances and accruals	10	25,412	31,687
Borrowings		87,561	83,855
Taxation		311	650
Derivative financial liabilities		14,010	20,999
Total current liabilities		127,294	137,191
Net current assets		487,396	480,691
Total assets less current liabilities		644,589	640,523
Non-current liabilities			
Deferred tax liabilities		752	742
Total non-current liabilities		752	742
Net assets		643,837	639,781
EQUITY			
Capital and reserves			
Share capital		149,771	149,771
Reserves		494,066	490,010
Equity attributable to owners of the Company and total equity		643,837	639,781

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	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))	Warrant reserve HK\$'000 (Note (f))	Accumulated losses HK\$'000	Total attributable to owners of the Company HK\$'000
At 1 July 2010 (Audited)	140,511	417,567	340,932	19,685	14,005	(43,246)	15,105	—	(273,881)	630,678
Profit for the period	—	—	—	—	—	—	—	—	21,532	21,532
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	—	—	—	21,532	21,532
Issue of non-listed warrants	—	—	—	—	—	—	—	2,995	—	2,995
Issue of shares upon exercise of share options	9,260	20,000	—	—	—	—	—	—	—	29,260
Recognition of equity-settled share-based payment transactions	—	—	—	—	—	—	16,491	—	—	16,491
Transfer upon exercise of share options	—	14,331	—	—	—	—	(14,331)	—	—	—
At 31 December 2010 (Unaudited)	<u>149,771</u>	<u>451,898</u>	<u>340,932</u>	<u>19,685</u>	<u>14,005</u>	<u>(43,246)</u>	<u>17,265</u>	<u>2,995</u>	<u>(252,349)</u>	<u>700,956</u>
At 1 July 2011 (Audited)	149,771	451,898	340,932	29,756	14,005	(43,246)	17,265	—	(320,600)	639,781
Profit for the period	—	—	—	—	—	—	—	—	1,947	1,947
Exchange differences on translation	—	—	—	2,109	—	—	—	—	—	2,109
Total comprehensive income for the period	—	—	—	2,109	—	—	—	—	1,947	4,056
At 31 December 2011 (Unaudited)	<u>149,771</u>	<u>451,898</u>	<u>340,932</u>	<u>31,865</u>	<u>14,005</u>	<u>(43,246)</u>	<u>17,265</u>	<u>—</u>	<u>(318,653)</u>	<u>643,837</u>

Notes:

- (a) In prior years, the Group undertook capital reorganisations resulting in the elimination of: (i) the share premium account of the Company with a balance of HK\$260,881,000 as at 30 September 2005 against accumulated losses of HK\$88,157,000 as at that date with the remaining balance of HK\$172,724,000 credited to contributed surplus of the Company; and (ii) share capital of the Company of HK\$168,208,000 which was credited to contributed surplus of the Company.
- (b) 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. Details of the transaction were set out in the circular of the Company dated 14 June 2004.
- (e) Share option reserve represents the grant-date fair value of the actual or estimated number of unexercised outstanding share options granted to the eligible parties.
- (f) On 13 December 2010, the Company issued 599,000,000 non-listed warrants at a cash consideration of approximately HK\$2,995,000, each entitled the holder thereof to subscribe for one share of the Company at the subscription price of HK\$0.19 per share. These warrants were classified as equity instruments at the date of issue and as at 31 December 2010. The consideration received of HK\$2,995,000 was recognised in equity as warrant reserve on the date of issue and 31 December 2010 in the preparation of the preceding interim report of the Group based on the then prevailing marketing conditions surrounding the warrants.

After the issuance of interim report of the Group dated 22 February 2011 and prior to the issuance of 2010/2011 annual report of the Group dated 20 September 2011, the directors have undertaken a detailed review on the terms and conditions of the warrants and the change in market conditions surrounding the warrants, the directors considered it is more appropriate to reclassify and re-measure the warrants as derivative financial instruments in the second half of financial year 2010/2011.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2011

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”).

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2011. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2011.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

- (a) The Group has adopted the following new/revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
Amendments to HK(IFRIC)	Prepayments of a Minimum Funding Requirement
— Interpretation 14	
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets

The adoption of the above new/revised HKFRSs has no material effect on the financial statements of the Group for both the current and prior reporting periods.

(b) Potential impact arising from 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
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets	(i)
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income	(ii)
HKAS 19 (2011)	Employee Benefits	(iii)
HKAS 27 (2011)	Separate Financial Statements	(iii)
HKAS 28 (2011)	Investments in Associates and Joint Ventures	(iii)
HKFRS 9	Financial Instruments	(iii)
HKFRS 10	Consolidated Financial Statements	(iii)
HKFRS 11	Joint Arrangements	(iii)
HKFRS 12	Disclosure of Interests in Other Entities	(iii)
HKFRS 13	Fair Value Measurement	(iii)
HK(IFRIC) — Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine	(iii)

Effective date:

- (i) Annual periods beginning on or after 1 January 2012
- (ii) Annual periods beginning on or after 1 July 2012
- (iii) Annual periods beginning on or after 1 January 2013

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

3. TURNOVER AND SEGMENTAL INFORMATION

Turnover, which is also revenue, represents the amounts received and receivable for goods sold to outside customers, net of returns and discounts and sales related taxes during the period.

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

- (i) manufacture and trading of copper rods;
- (ii) manufacture and sale of cable and wires; and
- (iii) investments in listed securities.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that are used by the chief operating decision-makers for assessment of segment performance.

During the financial year 2010/2011, the Group started a new segment in the investments in listed securities. Accordingly, the corresponding comparative segment information has been restated.

For the six months ended 31 December 2011

	Copper Rods <i>HK\$'000</i> (Unaudited)	Cable and Wires <i>HK\$'000</i> (Unaudited)	Investments in Listed Securities <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
TURNOVER				
Sales to/revenue from external parties	<u>70,613</u>	<u>96,662</u>	<u>62</u>	<u>167,337</u>
Segment profit/(loss)	<u>(3,005)</u>	<u>1,473</u>	<u>(42,550)</u>	<u>(44,082)</u>
Depreciation	(2,440)	(4,990)	—	(7,430)
Taxation	<u>—</u>	<u>(60)</u>	<u>—</u>	<u>(60)</u>

For the six months ended 31 December 2010 (restated)

	Copper Rods <i>HK\$'000</i> (Unaudited)	Cable and Wires <i>HK\$'000</i> (Unaudited)	Investments in Listed Securities <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
TURNOVER				
Sales to/revenue from external parties	<u>60,320</u>	<u>101,961</u>	<u>—</u>	<u>162,281</u>
Segment profit/(loss)	<u>(962)</u>	<u>2,866</u>	<u>(131)</u>	<u>1,773</u>
Depreciation	(2,527)	(4,633)	—	(7,160)
Impairment loss on trade debtors	—	(151)	—	(151)
Taxation	<u>—</u>	<u>(255)</u>	<u>—</u>	<u>(255)</u>

At 31 December 2011

	Copper Rods <i>HK\$'000</i> (Unaudited)	Cable and Wires <i>HK\$'000</i> (Unaudited)	Investments in Listed Securities <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Reportable segment assets	115,933	173,644	97,945	387,522
Additions to non-current assets	—	644	—	644
Reportable segment liabilities	<u>(28,272)</u>	<u>(74,104)</u>	<u>(528)</u>	<u>(102,904)</u>

At 30 June 2011

	Copper Rods <i>HK\$'000</i> (Audited)	Cable and Wires <i>HK\$'000</i> (Audited)	Investments in Listed Securities <i>HK\$'000</i> (Audited)	Consolidated <i>HK\$'000</i> (Audited)
Reportable segment assets	96,837	196,842	95,888	389,567
Additions to non-current assets	2	1,880	—	1,882
Reportable segment liabilities	<u>(28,749)</u>	<u>(76,628)</u>	<u>(528)</u>	<u>(105,905)</u>

(b) **Reconciliation of reportable segment profit or loss**

	For the six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit before taxation		
Reportable segment (loss)/profit	(44,082)	1,773
Unallocated corporate income	1,859	—
Unallocated corporate expenses	(2,566)	(5,068)
Interest income	7,285	4,988
Finance costs	(2,560)	(4,067)
Share-based payments expense	—	(16,491)
Change in fair value and gain on maturity of convertible note designated at fair value through profit or loss	35,083	(1,606)
Gain on disposal of a subsidiary	—	41,944
Change in fair value of warrants included in derivative financial liabilities	6,988	—
	<u>2,007</u>	<u>21,473</u>
Consolidated profit before taxation	<u>2,007</u>	<u>21,473</u>

(c) **Geographical segments**

The Group's operations are located in Hong Kong (place of domicile) and the People's Republic of China (the "PRC"). The Group's revenue from external customers and information about its non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets") by geographical markets are detailed as below:

	Revenue from external customers		Specified non-current assets	
	For the six months ended 31 December		31 December	30 June
	2011	2010	2011	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong (place of domicile)	62	—	2,267	2,914
PRC	167,275	162,281	151,926	156,918
	<u>167,337</u>	<u>162,281</u>	<u>154,193</u>	<u>159,832</u>

4. FINANCE COSTS

	For the six months ended 31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings and other loans wholly repayable within five years	<u>2,560</u>	<u>4,067</u>

5. PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	7,736	9,297
Share-based payments expense	<u>—</u>	<u>16,491</u>

6. TAXATION

	For the six months ended 31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Overprovision of Hong Kong profits tax for the prior periods	—	(314)
PRC corporate income tax ("CIT") for the period	<u>60</u>	<u>255</u>
	<u>60</u>	<u>(59)</u>
Deferred taxation	<u>—</u>	<u>—</u>
Total tax charge/(credit)	<u>60</u>	<u>(59)</u>

No provision for Hong Kong profits tax has been made for the current period (six months ended 31 December 2010: HK\$Nil) as the Group has no assessable profits arising in Hong Kong. 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.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. The standard CIT rate for enterprises in the PRC is 25%, which is also the Group's applicable CIT rate for the six months ended 31 December 2010 and 2011.

7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: HK\$Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

Earnings	For the six months ended 31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share	<u>1,947</u>	<u>21,532</u>
Number of shares	For the six months ended 31 December	
	2011	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,995,413,900	2,854,508,465
Effect of dilutive potential ordinary shares:		
Share options	—	23,882,451
Non-listed warrants	<u>—</u>	<u>24,192,428</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,995,413,900</u>	<u>2,902,583,344</u>

9. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's debtors, other receivables, deposits and prepayments were trade debtors with outsiders of HK\$56,200,000 (30 June 2011: HK\$73,814,000). The Group allows an average credit period of 0 to 90 days to its trade debtors with outsiders.

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

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Within 30 days	23,680	38,139
31–60 days	12,626	20,787
61–90 days	18,324	14,769
Over 90 days	1,570	119
	56,200	73,814

10. CREDITORS, OTHER ADVANCES AND ACCRUALS

Included in the Group's creditors, other advances and accruals were unrelated trade creditors of HK\$11,550,000 (30 June 2011: HK\$16,094,000).

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

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Within 30 days	2,911	4,122
31–60 days	1,955	2,180
61–90 days	2,292	5,407
Over 90 days	4,392	4,385
	11,550	16,094

11. DISPOSAL OF A SUBSIDIARY

On 1 November 2010, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to dispose of and the purchaser agreed to purchase the 100%-owned equity interest in FT Multi-Media Limited ("FTMM") at a consideration of HK\$1.

The assets and liabilities of FTMM at the date of disposal were as follows:

	<i>HK\$'000</i> (Unaudited)
Bank balances and cash	29
Creditors, other advances and accruals	(6,464)
Other loans	(35,509)
	(41,944)
Gain on disposal of a subsidiary	41,944
Total consideration	
Satisfied by:	
Cash	
Analysis of the net cash outflow:	
Cash consideration	
Bank balances and cash disposed of	(29)
	(29)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 31 December 2011, the Group recorded a turnover of approximately HK\$167 million, representing an increase of approximately 3% as compared to approximately HK\$162 million for the corresponding period of 2010. Profit attributable to owners of the Company was approximately HK\$2 million (six months ended 31 December 2010: HK\$22 million). Basic earnings per share was approximately 0.06 HK cents (six months ended 31 December 2010: 0.75 HK cents).

INTERIM DIVIDEND

The Directors do not recommend to pay any interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: HK\$Nil).

BUSINESS REVIEW

During the period under review, the Group was principally engaged in three segments (i) cable and wires business; (ii) copper rod business and (iii) listed securities investments. Each of the cable and wires business, copper rod business and listed securities investments contributed 57.76%, 42.20% and 0.04% of the Group's total turnover respectively. Profit after tax in current period has been narrowed down. It was mainly due to the absence of the one-off gain on disposal of a subsidiary in last period and the loss on fair value adjustment on financial assets at fair value through profit or loss as a result of the recent less favorable conditions of the global market during the current period.

Cable and wires business

The cable and wires business is the largest business segment of the Group. The major customers are primarily manufacturers of domestic appliances and electronic appliances. Though the domestic demands in China grow, the electrical appliances and electronics market remains competitive. For the period ended 31 December 2011, the turnover slightly decreased by 5% to HK\$97 million and a segment profit of approximately HK\$1.5 million was recorded.

Copper rod business

The copper rod business covers the manufacturing and trading of copper rods and copper wires used primarily in producing copper wires and cables for electrical products and infrastructure facilities. During the period under review, in view of the upward trend in copper prices in the international market, although this business segment recorded a 17% increase in turnover to approximately HK\$71 million, a segment loss enlarged to HK\$3 million as compared to that of HK\$1 million last period.

Listed securities investments

Starting from year 2011, the Group has diversified its business into securities market. As at 31 December 2011, the Group managed a portfolio of listed securities with fair value of approximately HK\$98 million (30 June 2011: HK\$95 million). The global equity market is unstable throughout the financial period. Accordingly, the trading securities recorded a revaluation loss of approximately HK\$43 million in current period.

PROSPECTS

The Board expected that the global economic environment would remain challenging for the year 2012. The Board would constantly keep reviewing the Group's strategies and risk management measures in each of the business segments with the view to remain efficient and competitive in the industry. Going forward, the Board would explore new investment opportunities to expand and diversify its portfolio in order to maximize the returns to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group had cash and bank balances amounting to approximately HK\$347 million (30 June 2011: HK\$308 million) and the net current assets value being over HK\$487 million (30 June 2011: HK\$481 million). During the current period, three loans with principal amount of HK\$63 million in aggregate were advanced to three independent third parties at rates ranging from 5% to 12% per annum.

The Group's gearing ratio as at 31 December 2011 was 0.16 (30 June 2011: 0.16), being a ratio of total debts, including warrants under derivative financial liabilities of approximately HK\$102 million (30 June 2011: HK\$105 million) to shareholders' fund of approximately HK\$644 million (30 June 2011: HK\$640 million).

As at 31 December 2011, the Group had pledged certain property, plant and equipment and prepaid lease payments for land with aggregate carrying value of approximately HK\$64 million (30 June 2011: HK\$64 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group had no significant contingent liabilities.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi, which are the functional currencies of respective group companies. The Group does not expect any significant exposure to foreign currency risks.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, 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.

CONNECTED TRANSACTIONS

Related party transactions entered by the Group during the period ended 31 December 2011, which do not constitute connected transactions in accordance with the requirements of the Listing Rules.

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 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2011, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules except for the deviation from code provision 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 2011.

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

Hong Kong, 27 February 2012

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.