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

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

2012/13 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 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2012

		For the six months ended 31 December	
		2012	2011
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**140,808**	167,337
Cost of sales		**(131,810)**	(159,377)
Gross profit		**8,998**	7,960
Interest income		**3,366**	7,285
Other income		**188**	2,381
General and administrative expenses		**(43,608)**	(10,912)
Selling and distribution expenses		**(1,504)**	(1,614)
Finance costs	*4*	**(1,552)**	(2,560)
Change in fair value and gain on maturity of convertible note designated as at fair value through profit or loss		**–**	35,083
Change in fair value of warrants classified as derivative financial instruments	*15*	**(71,972)**	6,988
Change in fair value of financial assets at fair value through profit or loss		**(8,753)**	(42,604)

* *For identification purposes only*

	NOTES	For the six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
(Loss)/profit before taxation	5	**(114,837)**	2,007
Taxation	6	**(129)**	(60)
(Loss)/profit for the period attributable to owners of the Company		**(114,966)**	1,947
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**953**	2,109
Total comprehensive income for the period attributable to owners of the Company		**(114,013)**	4,056
(Loss)/earnings per share:	8		
— Basic and diluted (HK cents)		**(3.76)**	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	NOTES	31 December 2012 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**126,151**	131,679
Prepayments for acquisition of property, plant and equipment		**7,650**	7,650
Prepaid lease payments for land		**9,836**	9,934
Total non-current assets		**143,637**	149,263
Current assets			
Inventories		**25,200**	26,471
Debtors, other receivables, deposits and prepayments	10	**65,997**	49,241
Bills receivable	11	**10,326**	14,065
Loans receivable	12	**62,346**	19,338
Prepaid lease payments for land		**242**	240
Financial assets at fair value through profit or loss		**125,228**	134,045
Bank balances and cash		**351,915**	288,212
Total current assets		**641,254**	531,612

	NOTES	**31 December 2012 HK$'000 (Unaudited)**	30 June 2012 HK$'000 (Audited)
Current liabilities			
Creditors, other advances and accruals	*13*	**22,854**	25,818
Borrowings	*14*	**63,863**	62,195
Taxation		**471**	398
Derivative financial liabilities	*15*	**–**	2,948
Total current liabilities		**87,188**	91,359
Net current assets		**554,066**	440,253
Total assets less current liabilities		**697,703**	589,516
Non-current liabilities			
Deferred tax liabilities		**729**	724
Total non-current liabilities		**729**	724
Net assets		**696,974**	588,792
EQUITY			
Capital and reserves			
Share capital	*16*	**179,721**	149,771
Reserves		**517,253**	439,021
Equity attributable to owners of the Company and total equity		**696,974**	588,792

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2012

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve fund *HK$'000*	Special reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Total attributable to owners of the Company *HK$'000*
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)	149,771	451,898	340,932	31,865	14,005	(43,246)	17,265	(318,653)	643,837
At 1 July 2012 (Audited)	149,771	451,898	340,932	31,864	14,005	(43,246)	17,265	(373,697)	588,792
Issue of shares upon exercise of warrants	29,950	158,737	–	–	–	–	–	–	188,687
Recognition of equity-settled share-based payments expense	–	–	–	–	–	–	33,508	–	33,508
Loss for the period	–	–	–	–	–	–	–	(114,966)	(114,966)
Exchange differences on translation	–	–	–	953	–	–	–	–	953
Total comprehensive income for the period	–	–	–	953	–	–	–	(114,966)	(114,013)
At 31 December 2012 (Unaudited)	179,721	610,635	340,932	32,817	14,005	(43,246)	50,773	(488,663)	696,974

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2012

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(49,788)**	(30,387)
Net cash (used in)/generated from investing activities	**(750)**	28,322
Net cash generated from financing activities	**113,489**	40,122
Net increase in cash and cash equivalents	**62,951**	38,057
Effect of foreign exchange rate changes	**752**	1,225
Cash and cash equivalents at beginning of the period	**288,212**	307,678
Cash and cash equivalents at end of the period	**351,915**	346,960
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	**351,915**	346,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2012

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 of the Group for the year ended 30 June 2012. The accounting policies used in the unaudited 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 2012.

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

(a) Adoption of revised HKFRSs — first effective 1 July 2012

Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income

The adoption of these revised standards has no significant impact on the unaudited condensed consolidated interim financial statements of the Group for both the current and prior reporting periods.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/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)	Annual Improvement 2009–2011 Cycle	(i)
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities	(ii)
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities	(i)
HKFRS 9	Financial Instruments	(iii)
HKFRS 10	Consolidated Financial Statements	(i)
HKFRS 12	Disclosure of Interests in Other Entities	(i)
HKFRS 13	Fair Value Measurement	(i)
HKAS 27 (2011)	Separate Financial Statements	(i)
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities	(ii)

Effective date:

(i) Annual periods beginning on or after 1 January 2013
(ii) Annual periods beginning on or after 1 January 2014
(iii) Annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these pronouncements 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 and dividend income on listed securities, 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 cable and wires;

(ii) manufacture and trading of copper rods; 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.

For the six months ended 31 December 2012

	Cable and Wires	**Copper Rods**	**Investments in Listed Securities**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
TURNOVER				
Sales to/revenue from external parties	**76,529**	**62,714**	**1,565**	**140,808**
Segment profit/(loss)	**1,172**	**(1,245)**	**(7,198)**	**(7,271)**
Depreciation	**(4,572)**	**(2,419)**	**–**	**(6,991)**
Taxation	**(129)**	**–**	**–**	**(129)**

For the six months ended 31 December 2011

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

At 31 December 2012

	Cable and Wires ***HK$'000*** **(Unaudited)**	**Copper Rods** ***HK$'000*** **(Unaudited)**	**Investments in Listed Securities** ***HK$'000*** **(Unaudited)**	**Consolidated** ***HK$'000*** **(Unaudited)**
Reportable segment assets	**153,487**	**101,413**	**127,756**	**382,656**
Additions to non-current assets	**72**	**–**	**–**	**72**
Reportable segment liabilities	**(69,156)**	**(13,837)**	**(133)**	**(83,126)**

At 30 June 2012

	Cable and Wires *HK$'000* (Audited)	Copper Rods *HK$'000* (Audited)	Investments in Listed Securities *HK$'000* (Audited)	Consolidated *HK$'000* (Audited)
Reportable segment assets	165,299	91,562	134,954	391,815
Additions to non-current assets	780	3	–	783
Reportable segment liabilities	(74,231)	(10,210)	(138)	(84,579)

(b) Reconciliation of reportable segment profit or loss

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment loss	**(7,271)**	(44,082)
Unallocated corporate income	**50**	1,859
Unallocated corporate expenses	**(3,950)**	(2,566)
Interest income	**3,366**	7,285
Finance costs	**(1,552)**	(2,560)
Share-based payments expense	**(33,508)**	–
Change in fair value and gain on maturity of convertible note designated as at fair value through profit or loss	**–**	35,083
Change in fair value of warrants classified as derivative financial instruments	**(71,972)**	6,988
Consolidated (loss)/profit before taxation	**(114,837)**	2,007

(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 For the six months ended 31 December		Specified non-current assets	
	2012	2011	**31 December 2012**	30 June 2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong (place of domicile)	**1,565**	62	**1,759**	1,997
PRC	**139,243**	167,275	**141,181**	139,616
Other Asian Region	**–**	–	**697**	7,650
	140,808	167,337	**143,637**	149,263

4. FINANCE COSTS

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings and other loan wholly repayable within five years	**1,552**	2,560

5. (LOSS)/PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**7,241**	7,736
Share-based payments expense	**33,508**	–

6. TAXATION

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PRC corporate income tax ("CIT") for the period	**129**	60

No provision for Hong Kong profits tax has been made for the current and prior periods 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 2011 and 2012.

7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: HK$Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/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 (loss)/earnings per share amounts is based on the (loss)/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 (loss)/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 (loss)/earnings per share is based on the following data:

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(114,966)**	1,947

	For the six months ended 31 December	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**3,057,605,157**	2,995,413,900

The computation of diluted (loss)/earnings per share of the current and prior periods does not assume the exercise of the Company's outstanding share options and warrants since their exercise would have an anti-dilutive effect. Therefore, the basic and diluted (loss)/earnings per share amounts for the six months ended 31 December 2012 and 2011 are equal.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012, the Group purchased property, plant and equipment of HK$781,000 (six months ended 31 December 2011: HK$644,000).

The Group has pledged buildings with a carrying amount as at 31 December 2012 of HK$49,930,000 (30 June 2012: HK$51,890,000) to secure banking facilities to the Group (Note 17).

10. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's debtors, other receivables, deposits and prepayments were trade debtors with outsiders of HK$46,693,000 (30 June 2012: HK$44,608,000). 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 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**18,767**	22,816
31–60 days	**13,800**	10,924
61–90 days	**14,126**	10,793
Over 90 days	**–**	75
	46,693	44,608

11. BILLS RECEIVABLE

As at 31 December 2012 and 30 June 2012, all bills receivable aged within 180 days.

12. LOANS RECEIVABLE

At 31 December 2012, there were five (30 June 2012: three) loans receivable with gross principal amount of HK$70,900,000 (30 June 2012: HK$29,000,000) in aggregate and related gross interest receivable of HK$1,672,000 (30 June 2012: HK$564,000) due from the borrowers. These loans are unsecured and interest-bearing at rates ranging from 5% to 15% (30 June 2012: 5% to 8%) per annum except the Loan (as defined below) which is secured by a personal guarantee executed by the sole director and shareholder of the borrower. All the loans were repayable within twelve months from the end of the reporting period and therefore were classified as current assets as at 31 December 2012.

During the six months ended 31 December 2012, the loans receivable with aggregate principal amount of HK$16,000,000 (30 June 2012: HK$83,150,000) and related aggregate interest receivables of HK$12,000 (30 June 2012: HK$2,901,000) as at 31 December 2012 have been fully settled.

During the year ended 30 June 2012, the Group reviewed its loans receivable to assess whether impairment losses exist. In determining whether impairment loss should be recognised in profit or loss, the Group has evaluated its loans receivable for impairment after taking into account the repayment history and credit quality of the counterparties. Included in the loans receivable is a loan with principal of HK$10,000,000 due from a borrower (the "Borrower") which is repayable on 20 December 2012 whereas the Borrower has defaulted on the payment of interest as at 30 June 2012. The Group has attempted to contact the Borrower and the Group also instructed its legal counsel to issue a demand letter to request immediate repayment of the principal and the related interest but failed to receive any response for settlement so far. Hence, the directors of the Company consider that the possibility to recover the related loan receivable with principal amount of HK$10,000,000 (the "Loan") and related interest receivable of HK$226,000 is remote. Therefore, an accumulated impairment loss of HK$10,226,000 in aggregate was recognised as at 30 June 2012 and 31 December 2012.

On 21 December 2012, the High Court of the Hong Kong Special Administrative Region Court of First Instance issued a consent order claiming the Borrower to repay the Group the principal of the Loan and the related accrued interests in full by four installations during 2013. In the opinion of the directors, the recovery of the Loan is subject to the liquidity of the Borrower and it is still uncertain. Therefore, no reversal of impairment loss has been made during the six months ended 31 December 2012.

13. CREDITORS, OTHER ADVANCES AND ACCRUALS

Included in the Group's creditors, other advances and accruals were trade creditors of HK$9,148,000 (30 June 2012: HK$10,760,000) with independent suppliers.

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

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**2,474**	2,149
31–60 days	**1,883**	4,715
61–90 days	**1,506**	3,052
Over 90 days	**3,285**	844
	9,148	10,760

14. BORROWINGS

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Borrowings are due within one year or repayable on demand and are analysed as follows:		
Bank loans, secured	**33,160**	31,707
Other loan, unsecured	**30,703**	30,488
	63,863	62,195

The average effective interest rates of the bank loans range from 6% to 7% (30 June 2012: 6% to 7%) per annum.

At 31 December 2012, other loan was interest-bearing at 6.9% (30 June 2012: 6%) per annum and repayable on 31 December 2013.

The Group's borrowings are denominated in the functional currencies of the relevant group entities and therefore exposed to minimal foreign exchange rate risk.

At 31 December 2012, the Group had available undrawn committed borrowing facilities of HK$9,825,000 (30 June 2012: HK$42,317,000) in respect of which all conditions precedent had been met.

Details of the assets pledged for the Group's facilities are set out in Note 17.

15. DERIVATIVE FINANCIAL LIABILITIES

As at 30 June 2012, included in the Group's derivative financial liabilities were fair values of copper futures contracts and warrants of HK$43,000 and HK$2,905,000 respectively.

During the year ended 30 June 2011, the Company issued 599,000,000 non-listed warrants at subscriptions proceeds of 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, subject to anti-dilutive adjustments, at any time during a period of two years commencing from the date of issue of the warrants.

During the six months ended 31 December 2012, 599,000,000 new ordinary shares were issued on exercise of the 599,000,000 warrants in full. Immediately before exercise of warrants during the period, the fair value of the warrants was HK$74,877,000 (30 June 2012: HK$2,925,000). Upon the exercise of warrants, the fair value of HK$74,877,000 was transferred to share premium.

The fair value of the warrants classified as derivative financial instruments was calculated using the Black-Scholes option pricing model. The key inputs into the model on exercise date and 30 June 2012 were as follows:

	On exercise date	30 June 2012
Share price	HK$0.34	HK$0.099
Exercise price	HK$0.190	HK$0.190
Expected volatility	16.89%	90.16%
Time to maturity	0 year	0.45 year
Risk-free rate	0.01%	0.11%
Expected dividend yield	Nil	Nil

During the six months ended 31 December 2012, a loss on change in fair value of the warrants classified as derivative financial instruments of HK$71,972,000 (six months ended 31 December 2011: a gain of HK$6,988,000) was recognised in profit or loss.

16. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.05 each at 30 June 2012 and 31 December 2012		
Authorised:		
As at 30 June 2012 and 31 December 2012	6,000,000,000	300,000
Issued and fully paid:		
As at 30 June 2012	2,995,413,900	149,771
Exercise of warrants *(note)*	599,000,000	29,950
As at 31 December 2012	3,594,413,900	179,721

Note: During the six months ended 31 December 2012, 599,000,000 new ordinary shares of par value HK$0.05 each were issued at the subscription price of HK$0.19 each on exercise of 599,000,000 warrants at an aggregate consideration of HK$113,810,000, of which HK$29,950,000 was credited to share capital and the remaining balance of HK$83,860,000 was credited to the share premium account.

17. PLEDGE OF ASSETS

At 31 December 2012 and 30 June 2012, the Group had pledged the following assets to secure general banking facilities granted to the Group. The carrying values of these assets are analysed as follows:

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**49,930**	51,890
Prepaid lease payments for land	**10,078**	10,174
	60,008	62,064

18. LEASE COMMITMENTS

The Group as lessee

As at the end of reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating lease in respect of office premise which fall due as follows:

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**224**	336
In the second to fifth years inclusive	**–**	56
	224	392

Lease was negotiated for a term of three years and rentals are fixed for such period.

19. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited condensed consolidated interim financial statements, the Group entered into the following transactions with related companies:

	For the six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Operating lease rental of motor vehicles	**–**	835
Loan interest expense	**–**	661

During the six months ended 31 December 2011, one of the directors of the above company is a close family member of a director of the Company's subsidiary.

The above transactions were determined with reference to the terms mutually agreed between the Group and the relevant parties.

Compensation of key management

The key management of the Group comprises all directors and the short-term benefits including the share-based payments were HK$4,851,000 for the six months ended 31 December 2012 (six months ended 31 December 2011: HK$570,000).

20. SIGNIFICANT EVENT AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, the Company issued a circular in connection with (i) a proposed acquisition of the entire issued share capital of the target company, of which the target company and its subsidiaries are involved in the wine trading and distribution business in the PRC; (ii) proposed increase in authorised share capital; and (iii) proposed change of the name of the Company. Further details are set out in the Company's circular dated 8 February 2013.

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL RESULTS

For the six months ended 31 December 2012, the Group recorded a turnover of approximately HK$140.8 million, representing a decrease of approximately 15.9% as compared to approximately HK$167.3 million for the corresponding period of 2011. Loss attributable to owners of the Company was approximately HK$115.0 million (six months ended 31 December 2011: profit HK$1.9 million). Basic loss per share was approximately 3.76 HK cents (six months ended 31 December 2011: earnings per share 0.06 HK cents).

INTERIM DIVIDEND

The Directors do not recommend to pay any interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: HK$nil).

BUSINESS REVIEW

During the period under review, the Group was principally engaged in three segments (i) cable and wires business; (ii) copper rods business; and (iii) investment in listed securities. Each of the cable and wires business, copper rods business and listed securities investments contributed 54.4%, 44.5% and 1.1% of the Group's total turnover respectively. Loss for the six months ended 31 December 2012 was approximately HK$115.0 million as compared to the profit of approximately HK$1.9 million for the six months ended 31 December 2011. Main reasons for such loss are the recognition of share-based payments expense of approximately HK$33.5 million and the loss on change in fair value of warrants of approximately HK$72.0 million 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. Due to the decline in domestic demands in China, the consumer confidence and the entire domestic appliances industry were significantly impacted. For the six month ended 31 December 2012, the turnover decreased by 20.8% to approximately HK$76.5 million. The segment profit was reduced from approximately HK$1.5 million for the six month ended 31 December 2011 to approximately HK$1.2 million for the current period.

Copper rods business

The copper rods 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, the copper prices in the international market remains fluctuated, this business segment recorded a 11.2% decrease in turnover to approximately HK$62.7 million, while a segment loss reduced to HK$1.2 million as compared to that of HK$3.0 million in last correspondence period.

Listed securities investments

Starting from year 2011, the Group has diversified its business into securities market. As at 31 December 2012, the Group managed a portfolio of listed securities with fair value of approximately HK$125.2 million (30 June 2012: HK$134.0 million). The global equity market is unstable throughout the financial period. Accordingly, the trading securities recorded a fair value loss of approximately HK$8.8 million in current period.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, the Group had cash and bank balances amounting to approximately HK$352 million (30 June 2012: HK$288 million) and the net current assets value being over HK$554 million (30 June 2012: HK$440 million).

During the period, 599,000,000 new shares have been issued pursuant to the exercise of subscription rights under the warrants issued by the Company. The proceeds of approximately HK$114 million will be used for general working capital and future development of the Group. Details of the warrants were set out in the announcements the Company dated 29 November 2010, 13 December 2010 and 12 December 2012.

The Group's gearing ratio as at 31 December 2012 was 0.09 (30 June 2012: 0.11), being a ration of total debts, including warrants under derivative financial liabilities of approximately HK$64 million (30 June 2012: HK$65 million) to shareholders' fund of approximately HK$697 million (30 June 2012: HK$589 million).

As at 31 December 2012, the Group had pledged certain property, plant and equipment and prepaid lease payments for land with aggregate carrying value of approximately HK$60 million (30 June 2012: HK$62 million) to secure general banking facilities granted to the Group.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

A wholly-owned subsidiary of the Company (the "Investor") entered into a sale and purchase agreement and a supplemental agreement dated 1 November 2012 and 23 January 2013 respectively (the "Agreements"), with Goldsure Limited (the "Counterparty") and Mr. Tang Tong as the guarantor. Pursuant to the Agreements, the Investor agreed to acquire, and the Counterparty agreed to sell, the entire equity interest in Total Grand Investments Limited, at a consideration of HK$260,000,000, which will be satisfied in full by the issue and allotment of the convertible preference shares by the Company to the Counterparty at completion (the "Acquisition"). Upon completion of the Target Group Corporate Reorganisation (as defined in the circular dated 8 February 2013, the "Circular"), the Target Group will principally engage in wine trading and distribution in the PRC. The Acquisition constitutes a major transaction under the Listing Rules and is therefore subject to shareholder's approval at the special general meeting of the Company. Details of the Acquisition were set out in the Circular.

Subsequent to the end of the reporting period, the Company proposed to increase in authorised share capital from HK$300,000,000 divided into 6,000,000,000 shares of HK$0.05 each to HK$1,561,904,761.90 divided into 30,000,000,000 shares of HK$0.05 each and 1,238,095,238 convertible preference shares of HK$0.05 each by the creation of an additional 24,000,000,000 shares and 1,238,095,238 convertible preference shares; and proposed change of the name of the Company from "Hua Yi Copper Holdings Limited" to "Guocang Group Limited" and the proposed adoption of "國藏集團有限公司" as the secondary name of the Company to replace "華藝礦業控股有限公司", which is currently used for identification purposes only. Details were set out in the Circular.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group had no significant contingent liabilities.

CAPITAL COMMITMENT

As at 31 December 2012, the Group had no significant capital commitment.

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.

PROSPECTS

The Board expected that the global economic environment will remain challenging in year 2013. The Group will deploy appropriate operation strategies to meet the challenges posed by the increasingly intricate market conditions.

Whilst the Group maintains its core business, the Company seeks to enter into the fast growing business of sale, promotion, distribution and retail of wine products in order to broaden its source of income. The Board expected that the Acquisition will contribute to cash flow and income to the Group in the coming future. Meanwhile, the Group will strive to strengthen the business strategy to maximise the returns for the shareholders of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had approximately 450 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

For the six months ended 31 December 2012, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A 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 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2012, the Company has complied with the Corporate Governance Code (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 2012.

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

Hong Kong, 26 February 2013

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.