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利海資源
L'SEA RESOURCES

# L'SEA RESOURCES INTERNATIONAL HOLDINGS LIMITED
# 利海資源國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00195)**

## CLARIFICATION ANNOUNCEMENT
## CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement (the **"Announcement"**) of L'sea Resources International Holdings Limited (the **"Company"**) dated 19 February 2016 in respect of the renewal of the New Tin Supply Contract and the New Copper Supply Contract. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information regarding the pricing policies of the New Tin Supply Contract and the New Copper Supply Contract, in particular the procedures adopted by the Company to maintain the pricing basis of tin and copper prices (after the relevant deductions and penalties) under the New Tin Supply Contract and the New Copper Supply Contract are no less favourable to the Company than those prevailing in the market.

As disclosed in the Announcement, the tin and copper concentrate settlement prices under the New Tin Supply Contract and New Copper Supply Contract will be determined with reference to the average LME cash settlement price of tin and copper metal during the relevant quotational period after the relevant deductions, penalties and treatment charges, which are in line with market practice. In preparing the tin supply contract with the Buyer for the period between 1 April 2011 and 31 December 2013, the Company reviewed and ascertained the reasonableness and fairness of the deduction terms and payment terms by comparing the terms offered by the Buyer with those for the supply to an independent third party, one of the world's leading tin smelters in Malaysia, through our joint-venture partner and the Buyer respectively at that time. Furthermore, the adjustment of 45 days' quotational period along the bill of lading date under the subsequent tin supply contract (i.e. the Previous Tin Supply Contract for the period from 1 February 2013 to 31 January 2016) benefited the parties from a lower uncertainty of price fluctuation in pricing basis. For the Previous Copper Supply Contract for the period from 6 August 2014 to 31 January 2016, the

Company had compared the terms offered by the Buyer with, and considered them better than, those offered by the parties referred by our joint venture partner at that time. The terms of the tin supply contract entered into in 2013 and the copper contract entered into in 2012 had also been reviewed by independent financial advisers who had opined that the terms were on normal commercial terms and fair and reasonable, and the principal commercial terms of the New Tin Supply Contract and New Copper Supply Contracts are similar to the terms contained in those previous supply contracts. As a result of the substantial drops in tin and copper prices under worsening market conditions in the recent years, the Company considers it difficult to obtain more favourable terms than those available in the past.

The terms of the New Tin Supply Contract and New Copper Supply Contract are subject to annual review by the parties to be performed by end of each year and the parties will determine whether the terms of these contracts require any amendment. The Seller would check the quotation from third parties (if available) and discuss internally and negotiate with the Buyer for favorable improvement during such annual review process if there exists any better terms including pricing basis prevailing in the market.

By the order of the Board
**L'sea Resources International Holdings Limited**
**NIE DONG**
*Executive Director and Chief Executive Officer*

Hong Kong, 22 March 2016

*As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely, Mr. CHEUNG Wai Kuen, Mr. NIE Dong, Mr. WANG Chuanhu and Dr. SHI Simon Hao and three independent non-executive directors, namely, Mr. CHI Chi Hung, Kenneth, Mr. DENG Shichuan and Mr. James MUNN.*

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