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: 195)

2013 INTERIM REPORT

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xie Haiyu *(Chairman)*
(resigned on 8 March 2013)
Mr. Chen Zhenliang *(Chairman)*
(redesignated from Non-executive Director to Executive Director on 1 April 2013)
Mr. Nie Dong
Mr. Cheung Wai Kuen
Mr. Pu Xiaodong

Non-executive Directors

Professor Qiu Guanzhou
Mr. Li Xianghong
(appointed on 13 March 2013)

Independent Non-executive Directors

Mr. Gao Dezhu
Mr. Kang Yi
Mr. Chi Chi Hung, Kenneth

COMPANY SECRETARY

Ms. Tse Wun Ying

AUTHORISED REPRESENTATIVES

Mr. Nie Dong
Ms. Tse Wun Ying

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No. 1B on 9/F, Tower 1
China Hong Kong City
33 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

00195

COMPANY WEBSITE

www.lsea-resources.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Driven by favorable news at the beginning of 2013 concerning the passing of the United States Fiscal Cliff Agreement, as well as the encouraging prospect of the European economy and China's strong exports, tin price rose to USD25,150 per tonne in mid-January this year, a record-high in 11 months. In mid-June, the Federal Reserve expressed the consideration of the Quantitative Easing Retreat, accelerating the capital outflow from the newly-developed capital markets, tin price dropped significantly to USD19,440 per tonne. Looking forward, factors such as the gradual recovery of the United States economy, relief of European debt crisis and the expected retreat from Quantitative Easing will strengthen the position of US dollars in the second half of the year. Meanwhile, as China's economy slows down, tin price is expected to maintain at around USD19,500 to USD23,000 per tonne.

The Group has focused on consolidating its business foundation, including further exploration of new resources and reserves of tin metal. Exploration in Renison Mine achieved satisfying progress last year, the estimated total mineral resources of tin output at the mine increased by 2% or 2,500 tonnes, while the estimated total mineral reserves containing tin metal at the mine increased by 16% or 7,500 tonnes. At the beginning of the year, a new mineral belt of high-grade tin was discovered beyond the existing deposit boundary of the mine, with a much greater potential for mining than the existing mining and processing project. The additional resources, reserves and the newly-discovered mineral belt of high-grade tin would improve the profitability of the mine and the Group.

Management of the Group seeks to improve the production capacity and efficiency of the mine. At the beginning of the year, the Group acquired additional processing equipment so as to improve the processing capacity and the recovery rate. The Group has replaced a new mining contractor in March this year upon expiration of the contract with old contractor, the new mining contractor's performance has improved after several months of operation and coordination. The total tin production at the mine from January to June 2013 was 3,032 tonnes (January to June 2012: 2,563 tonnes), representing an increase of approximately 18.4%. The Group' gross loss margin has also significantly improved, from 26.5% for the same period last year to 0.7% for the first six months this year.

Concerning the Rentails Project, the Australian joint venture inspected the Yunnan Tin Group's mining, processing, tailing treatment, fuming equipment and technologies projects in Yunnan Province in late April this year, with in-depth discussions on the technology and equipment of tailing treatment as well as on the investment plan of the Rentails Project. To propel the Rentails Project, the Australian joint venture is prudently revising the technical and financial plans and evaluating the project feasibility.

As for the Mount Bischoff Project, the open mine has been under care and maintenance after the completion of reserves extraction. No concrete or updated plan has been made for re-opening of the mine.

Looking forward, as demand for export products from Australia drops, and US dollars remains strong, it is expected that the exchange rate of the Australian Dollar will continue to fall in the second half of 2013, which will benefit the Group's exchange gain from the sales of tin concentrates (denominated in US Dollar) and the payment of the Renison mine's operating costs of Renison mine (denominated in Australian Dollar). The Group is optimistic, yet there are challenges ahead in the tin mining industry. As for the risk of tin price fluctuations, the Group will prudently consider hedging tin price as and when appropriate to mitigate the impact on our sales revenue of tin. The Group will actively pursue opportunities in cooperation, mergers and acquisitions of non-ferrous metal projects relating to the mining business, in the effort of bringing better returns to its shareholders.

LITIGATIONS

HCA 1357/2011

The legal proceedings involves the disputes regarding the sale and purchase agreement dated 13 July 2010 ("Parksong S&P Agreement") in relation to the sale and purchase of the entire issued share capital of Parksong Mining and Resource Recycling Limited ("Parksong") signed between Mr. Chan Kon Fung ("Mr. Chan") as the vendor, Gallop Pioneer Limited ("GPL") as the purchaser and the Company being GPL's parent company as the guarantor. The completion of the acquisition of Parksong took place on 4 March 2011 ("Completion Date").

The Company and GPL were named as defendants in a Writ of Summons with a Statement of Claim dated 11 August 2011 by Mr. Chan. Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached Parksong S&P Agreement by failing to make payment of AUD15,143,422.44 (equivalent to approximately HK$107,262,000), being the alleged amount of receivables payable to Mr. Chan ("Chan's Claim").

GPL and the Company denied Chan's Claim and have made counterclaim against Mr. Chan. GPL and the Company have filed their Defence and Counterclaim on 11 October 2011 and sought to claim against Mr. Chan by way of counterclaim and set-off. GPL and the Company stated under their Defence and Counterclaim that GPL has suffered loss and damage by reason of the following: (1) Mr. Chan has failed to make a payment to GPL in settlement of payables due to GPL under the Parksong S&P Agreement; (2) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million to a Hong Kong company ("HK Co."), a majority-owned subsidiary of Parksong, before the completion of the acquisition; (3) In breach of Parksong S&P Agreement, Mr. Chan has unilaterally caused an Australian subsidiary of the HK Co. to enter into two agreements with another Australian company without the consent of GPL; and (4) production shortfall of contained tin in concentrate from the mine in Australia for the first anniversary after the Completion Date, in breach of the respective terms and/or warranties in Parksong S&P Agreement. Under the Defence and Counterclaim, GPL claimed against Mr. Chan for the respective sums of AUD1,048,847.18, AUD16,300,000, AUD8,505,000, USD2,059,897 (approximately of HK$199,101,000 in total) and damages etc. The Defence and Counter Claim shall be further revised and updated in due course if and when upon advice of the legal team of the Group.

HCA 1357/2011 (Continued)

Save and except that Mr. Chan has admitted in his Reply and Defence to Counterclaim dated 9 December 2011 that the third set of documents as pleaded in GPL's and the Company's Defence and Counterclaim reflected the correct position and understanding of Mr. Chan, GPL and the Company in making Parksong S&P Agreement, Mr. Chan has denied the claims made by GPL and the Company in the Defence and Counterclaim.

Mr. Chan and the Company and GPL attended a mediation in relation to the disputes on 16 August 2012. At present, no settlement has been reached by the parties. The parties will proceed with the legal proceedings.

In April 2013, there has been a change of the legal team. Following the change of the legal team in April, GPL and the Company have made applications to obtain further evidence from Mr. Chan including discovery of further document and interrogatories for further information. Expert evidence is also being obtained. The legal proceedings is now being considered with these additional evidence. GPL has also reviewed the issue on production shortfall (as explained in the Note below).

Note: Pursuant to Parksong S&P Agreement, Mr. Chan has given a production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries after the Completion Date. The actual confirmed production of contained tin in concentrate for the first and second anniversaries were 4,980 and 6,159.4 tonnes respectively, resulting in respective shortfalls of 1,520 and 340.6 tonnes.

HCA 2184/2011

The Company issued to Mr. Chan a series of convertible bonds in the aggregate amount of HK$773,500,000 (which due on 3 March 2016) on 4 March 2011 as part of the consideration for the purchase of the shares in Parksong mentioned under the heading of HCA1357/2011 above.

HCA 2184/2011 (Continued)

On 10 November 2011, Mr. Chan purported to exercise its conversion rights attached to the convertible bonds in the aggregate principal amount of HK$17,100,000 by depositing conversion notices together with the corresponding bond certificates with the Company ("Conversion"). Because of the dispute under HCA1357/2011 mentioned hereinabove and upon the advice from the then legal advisor, no share certificates were issued by the Company to effect the Conversion. On 7 December 2011, the Company received a demand letter from Mr. Chan's solicitors alleging that the Company had breached the conditions in convertible bonds agreement by failing to deliver share certificates of the relevant conversion shares by the specified time. In this connection, Mr. Chan demanded immediate repayment of the outstanding convertible bonds in the aggregate principal amount of HK$597,100,000 (which includes the said sum of HK$17,100,000) held by him together with all outstanding interests accrued thereon.

On 22 December 2011, the Company was named as defendant in a writ of summons with a statement of claim filed by Mr. Chan under HCA2184/2011. In such statement of claim, Mr. Chan claimed, among others, the sum of HK$597,100,000 being the aggregate principal amount of the outstanding convertible bonds together with all outstanding interests accrued thereon. A defence was filed by the Company on 2 February 2012 denying such claim. With a view to resolve the matter expeditiously, the Company made a payment of HK$17,100,000, representing the aggregate principal amount of the convertible bonds purported to be exercised, to Mr. Chan on 14 February 2012. Subsequently, Mr. Chan issued a Summons for an application for summary judgment of the proceedings against the Company on 23 February 2012 ("Order 14 Summons"). Such application was heard on 24 September 2012.

Pursuant to an order dated 24 September 2012, the Company is liable to Mr. Chan for the following:

(1) the outstanding interest on the principal sum of HK$17,100,000; and

(2) the costs of the action and the Order 14 Summons, with a certificate for two counsel except the hearing on 24 September 2012, to be taxed if not agreed ("Costs Order").

LITIGATIONS (Continued)

HCA 2184/2011 (Continued)

A sum of HK$32,594 was paid to Mr. Chan by the Company on 28 September 2012 in satisfaction of (1) above; whilst the parties could not agree on the amount payable under the Costs Order. On 23 January 2013, Mr. Chan filed a Notice of Commencement of Taxation together with their bill of costs in a total sum of HK$1,292,858 (the "Bill") with court. The Company then filed a list of objections objecting on a total sum of HK$861,741 on 19 February 2013. The taxation hearing on the Bill was heard on 21 August 2013, pending the issuance of the certificate on taxed cost.

CALL OPTION

On 28 January 2010, YT Parksong Australia Holding Pty Limited ("YTPAH"), a non-wholly owned subsidiary of Parksong, entered into an acquisition agreement ("Acquisition Agreement") with Bluestone Mines Tasmania Pty Ltd. ("BMT") and Yunnan Tin Group (Holding) Company Limited.

Pursuant to the Acquisition Agreement, apart from YTPAH's acquiring a 50% of BMT's assets as at the date of completion (the "Assets") from BMT, BMT has granted the Call Option to YTPAH to purchase from BMT a further 10% of the Assets exercisable from 19 March 2010 to 18 March 2012 with the following conditions:

- if the Call Option is exercised from 19 March 2010 to 18 March 2011, the consideration will be AUD10 million; or

- if the Call Option is exercised from 19 March 2011 to 18 March 2012, the consideration will be AUD10 million if the production on contained tin in concentrate is more than 6,000 tonnes from 19 March 2010 to 18 March 2011 and average cost of production on contained tin in concentrate is not greater than AUD14,403.46 per tonne ("Performance Criteria"). The consideration will be reduced to AUD5 million if the Performance Criteria cannot meet.

CALL OPTION (Continued)

At the same time, YTPAH has granted the Put Option to BMT that BMT can require YTPAH to purchase a further 10% of the Assets exercisable from 19 March 2011 to 18 March 2012 with the following conditions:

- if Performance Criteria are achieved, the consideration will be AUD10 million; or

- if Performance Criteria are not achieved, the Put Option will lapse immediately.

After considering the latest production volume at the Completion Date, the Board considered the Performance Criteria are unachievable as there are only two weeks left behind from the measurement period of Performance Criteria to catch up the shortfall. As a result, the Board considered the Put Option will be eventually lapsed and determined the fair value of the Put Option at the Completion Date is zero.

As the exercisable right of the Call Option would be expired on 18 March 2012, YTPAH sent a notice to BMT purporting to exercise the Call Option on 16 March 2012. BMT considered that the Call Option was previously relinquished by YTPAH and the purported notice to exercise the Call Option is not served by BMT.

The Group reaffirms that YTPAH still has the legal right of the Call Option and reserves its right to proceed legal actions against BMT in order to advocate the exercise of the Call Option and/or to claim the related damages.

FINANCIAL REVIEW

Revenue, cost of sales and gross profit and margin

The Group's unaudited consolidated revenue for the six months ended 30 June 2013 was approximately HK$229.9 million (30 June 2012: HK$170.0 million) representing a year on year increase of 35.2% as compared to the same period last year.

Cost of sales includes mainly direct material costs, direct labor costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$231.5 million and HK$215.1 million for the six months ended 30 June 2013 and 2012, representing respectively 100.7% and 126.5% of the revenue recorded in the respective years. The decrease in cost of sales is mainly due to the increase in efficiency of mining with newly replaced machines and a new contractor.

The Group had made an improvement in gross loss margin from 26.5% for the six months ended 30 June 2012 to 0.7% during the period under review.

The Group's revenue increased mainly due to the increase in the sales and production of tin metals in the period under review as compared to the same period of last year. In addition, tin price resumed upward in the first quarter of 2013 though a slight downward in the second quarter of 2013.

For the six months ended 30 June 2013, the profit attributable to the Company's shareholders increased to HK$195.6 million which was due to the gain of HK$231.4 million from the repurchase of convertible bonds in March 2013.

Administration expenses

Administration expenses, which represented approximately 12.3% of the Group's revenue, decreased by approximately 24.1% from HK$37.2 million for the six months ended 30 June 2012 to approximately HK$28.3 million for the six months ended 30 June 2013. The decrease was mainly attributable to the fact that share-based payment expenses, additional professional fee on acquisition and related expenses were incurred in the same period of last year but there was no such extra costs incurred during the period under review.

Other gains and losses

The Group recorded other gains of approximately HK$238.6 million for the six months ended 30 June 2013 while the Group recorded other losses of approximately HK$88.4 million for the six months ended 30 June 2012. The other gains for the period under review mainly as a result of the gain of HK$231.4 million on the repurchase of convertible bonds.

Finance costs

Finance costs representing 12.5% (30 June 2012: 22.0%) of the Group's revenue, decreased from HK$37.3 million for the year ended 30 June 2012 to HK$28.7 million for the year ended 30 June 2013. Such decrease was mainly due to the decrease in loan interest during the period under review.

Convertible bonds

Pursuant to Parksong S&P Agreement, part of the consideration is settled by the issuance of convertible bonds. On the Completion Date, the Company issued zero-coupon convertible bonds with principal amount of HK$773.5 million with maturity of five years. The convertible bonds were denominated in Hong Kong Dollar and entitled the holders to convert them into shares of the Company at any time within 5 years from the date of issue of the convertible bonds, at the conversion price of HK$1.47 per share. If the convertible bonds had not been converted, they would be redeemed on 3 March 2016 at par.

The convertible bonds contained two components, liability and equity elements. The equity element was presented in equity under the heading of convertible bonds equity reserve. The effective interest rate of the liability component was 20.12% at the date of initial recognition.

On 9 September 2012, the Company, as purchaser, entered into the agreement with Mr. Xie Haiyu ("Mr. Xie"), Sun Hung Kai Investment Services Limited and Sun Hung Kai Structured Finance Limited as the vendors (collectively "SHK"), SHK being the bondholders of HK$580 million face value of convertible bonds representing approximately 76.7% of the amount of all outstanding convertible bonds issued by the Company (the "Agreement"), pursuant to which the Company, after arm's length negotiation, has agreed to acquire and SHK have agreed to sell HK$580 million face value of the convertible bonds (the "Repurchase") for HK$300 million (the "Consideration"). Mr. Xie has agreed to guarantee all the obligations of the Company under the Agreement.

Convertible bonds (Continued)

The Consideration was to be payable to SHK in the following manner:

(a) a non-refundable deposit of HK$150 million on or before 19 September 2012; and

(b) the balance HK$150 million on or before 19 December 2012, with an option to extend for up to 3 months provided that if an extension is requested, the following instalments will be made:

  (i) Instalment 1 (if applicable) — in aggregate a non-refundable HK$25 million (no later than 19 January 2013) payable to SHK;

  (ii) Instalment 2 (if applicable) — in aggregate a non-refundable HK$25 million (no later than 19 February 2013) payable to SHK; and

  (iii) Instalment 3 (if applicable) — in aggregate a non-refundable HK$100 million (no later than 19 March 2013) payable to SHK.

Any such extension shall be subject to the Company paying SHK an upfront interest payment on the due date of each instalment calculated at a rate of 2% per month on the balance of Consideration outstanding at the time of the extension.

On 19 December 2012, the Board announced that the Company has paid a non-refundable deposit of HK$150 million to SHK on 19 September 2012 and the balance Consideration of HK$150 million to be paid to SHK on or before 19 December 2012 under the Repurchase would be extended in accordance with the terms therein.

On 5 March 2013, the Consideration of HK$300 million with an interest of HK$7,443,342 were fully paid to SHK and the Repurchase was completed in accordance with the terms and conditions of the Agreement. The convertible bonds repurchased were cancelled on the same day.

Taxation

The Group recorded net deferred tax credit of approximately HK$131,000 and recorded no income tax expense for the period ended 30 June 2013. Deferred tax credit arose from the change in temporary difference of amortization of mining rights.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and bank borrowings. At 30 June 2013, the Group did not have any bank facilities but had obligations under finance lease of approximately HK$827,000. The gearing ratio of the Group calculated as a ratio of bank borrowings to total assets, was 0.1% as at 30 June 2013 (31 December 2012: 4.1%).

As at 30 June 2013, the Group had net current assets of approximately HK$122.2 million (31 December 2012: net current liabilities HK$348.1 million). Current ratio as at 30 June 2013 was 1.8 (31 December 2012: 0.5). The net cash position of the Group as at 30 June 2013 was approximately HK$168.9 million (31 December 2012: HK$50.7 million).

Certain subsidiaries of the Company have amounts due from and to group companies, bank balances, trade receivables, convertible bonds, loan from a director, amounts due to related companies, sales and purchases denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk.

The Group currently does not maintain a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Loan Capitalisation

On 19 September 2012, the Board announced that Mr. Xie as the lender has made an unsecured loan of HK$150 million at a rate of 3% per annum to Parksong to facilitate the Repurchase. The Loan was drawn down fully on 19 September 2012 and was subsequently novated to the Company on 27 September 2012.

On 27 September 2012, the Company entered into a conditional loan capitalization agreement with Mr. Xie pursuant to which Mr. Xie has conditionally agreed to subscribe for an aggregate of 446,000,000 new shares at a subscription price of HK$0.2 per share by capitalizing HK$89,200,000 of the amount outstanding under the loan owed by the Group to Mr. Xie ("Loan Capitalisation Agreement"). As at the date of the Loan Capitalisation Agreement, the Group was indebted to Mr. Xie in the sum of approximately HK$151.5 million.

On 22 February 2013, all conditions of the Loan Capitalisation have been fulfilled and completed. An aggregate of 446,000,000 Loan Capitalisation shares have been allotted and issued to Mr. Xie.

Placing

On 27 September 2012 (after trading hours), the Company entered into a placing agreement ("Placing Agreement") with Kingston Securities Limited (the "Placing Agent"), pursuant to which, the Company conditionally agreed to place, through the Placing Agent, in aggregate 1,804,000,000 shares ("Placing Shares") by a maximum of two tranches (in which the first tranche shall not be more than 1,304,000,000 Placing Shares and the second tranche shall not be more than 500,000,000 Placing Shares) on a best endeavours basis, to not less than six placees at a price of HK$0.2 per Placing Share for each tranche of the Placing.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Placing (Continued)

On 22 February 2013, all conditions of the placing have been fulfilled and completed in accordance with the terms and conditions of the Placing Agreement. An aggregate of 1,804,000,000 Placing Shares have been successfully placed by the Placing Agent to not less than six placees. The net proceeds from the Placing amount to approximately HK$355.4 million and the Company intends to utilize the aforementioned net proceeds to finance the Repurchase, the repayment of the loan balances to Mr. Xie, the future potential investments and general working capital purpose.

CHARGES OF ASSETS

As at 30 June 2013, our obligations under finance lease of HK$827,000 (31 December 2012: HK$42.5 million) was secured by property, plant and equipment of an amount of approximately HK$1.9 million (31 December 2012: HK$49.9 million).

CONTINGENT LIABILITIES

As at 30 June 2013 saved for the litigation as set out in more details in Management Discussion and Analysis section, the Group had no other material contingent liabilities.

CAPITAL COMMITMENTS

The Group had approximately HK$3.6 million capital commitment as at 30 June 2013 (31 December 2012: approximately HK$1.3 million).

SIGNIFICANT INVESTMENTS

For the period ended 30 June 2013, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$38.9 million (31 December 2012: HK$82.4 million). As at 30 June 2013, the Group's equity securities of other companies listed in Hong Kong amounted to approximately HK$16.3 million (31 December 2012: HK$19 million).

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has resolved not to declare an interim dividend for the period (2012: Nil).

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the period under review.

SHARE OPTION SCHEME

On 21 October 2008, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of Scheme include, without limitation, employees, directors, shareholder and any other eligible persons of the Group. Up to 30 June 2013, no share option has been granted or agreed to be granted to any person under the Scheme.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed approximately 27 employees (31 December 2012: 36). The Group implemented its remuneration policy, bonus and share option scheme based on the achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and stated-owned retirement benefit scheme in the PRC. The employees for mining operation are employed by Bluestone Mines Tasmania Joint Venture Pty Ltd. ("BMTJV") on behalf of YTPAH and BMT. The BMTJV employees and the YTPAH employees are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

MINES INFORMATION

ESTIMATED TIN RESERVES AND RESOURCES

For the period ended 30 June 2013, 19,799 meters of core holes in total has been drilled for exploration purpose and the drilling program had effectively increased the amount of indicated resources and probable reserves. In addition, some near-surface resources had been added to the overall resources, which amounted to a total resource of 155,940 tonnes contained in tin metals from 10,059,000 tonnes ores averaging 1.55% Sn. As of 30 June 2013, the JORC compliant resources and reserves of Renison mine are categorized as follows:

Upgraded Resource and Reserve Estimates for Renison as at 30 June 2013

Category	Tonnage (kt)	Grade % Sn	Contained Sn(t)
Resources			
Measured	1,251	2.01	25,154
Indicated	6,298	1.44	90,586
Inferred	2,510	1.60	40,200
Total	10,059	1.55	155,940
Reserves			
Proven	788	1.50	11,816
Probable	3,349	1.23	41,286
Total	4,137	1.28	53,102

Upgraded Resource and Reserve Estimates for Renison as at 30 June 2013 (Continued)

During the period under review, an extensive exploration and resources development drilling campaign targeting both surface and underground targets was conducted over Rension mine. 600 meter of capital waste, 563 meter of capital decline and 1,132.4 meter of sill development were advanced during the period. 3,032 tonnes of tin metal was produced from Renison and 0 tonne from Mount Bischoff mine, and processed ores averaging 1.56% Sn. No major exploration, development or production activities were carried out for Rentails mine. Up to 30 June 2013, a total of HK$59 million capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown as follows:

Capital Expenditure Up to 30 June 2013

Expenditures	*HK$'000*
Property, Plants and Equipment	38,907
Mining rights	–
Exploration and evaluation assets	20,131
Total	59,038

ESTIMATED TIN RESERVES AND RESOURCES (Continued)

The latest resource and reserve estimates for Rension, Mount Bischoff and Retails are summarized as follows:

Total Resource and Reserve Estimates as at 30 June 2013

Category	Tonnage (Kt)	Grade % Sn	Contained Sn(t)
Resources			
Renison	10,059	1.55	155,940
Mount Bischoff	1,667	0.54	8,981
Rentails	20,598	0.45	92,535
Total	32,324	0.80	257,456
Reserves			
Renison	4,137	1.28	53,103
Mount Bischoff	–	–	–
Rentails	19,757	0.45	88,493
Total	23,894	0.59	141,596

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Bases on the information that is publicly available to the Company and within the knowledge of the directors, the directors confirm that the Company has maintained the minimum amount of public float as required under the Listing Rules throughout the six months ended 30 June 2013.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

Save as disclosed below, as at 30 June 2013, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code or Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in ordinary shares of HK$0.005 each of the Company ("Shares")

		Number of shares held		
Name of Director	Nature of interest	Long Position	Short Position	Percentage of shareholding
				%
Cheung Wai Kuen *(Note 1)*	Corporate	617,000,000	–	12.03%

Note:

(1) Wright Source Limited, a company wholly-owned by Mr. Cheung Wai Kuen, holds 28.35% interest in Munsun Global Mining Investment Fund LP ("Munsun Fund I"), in which holds a 100% interest in Munsun Global Mining Investment Fund II LP ("Munsun Fund II"). Munsun Fund II holds 617,000,000 shares of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

Save as disclosed below, the register required to be kept under section 336 of the SFO shows that as at 30 June 2013, the Company had not been notified of any other person who has an interest or short position in the shares and underlying shares of the Company.

	Number of shares held/Approximate shareholding percentage					
Name of Shareholders	**Long Position**	**%**	**Short Position**	**%**	**Lending Pool**	**%**
Xie Haiyu	548,610,000	10.69	446,000,000	8.69	–	–
Tai Chung Suen	446,000,000 *(Note 1)*	8.69	–	–	–	–
Munsun Global Mining Investment Fund LP *(Note 2)*	617,000,000	12.03	–	–	–	–
Munsun Global Mining Investment Fund II LP	617,000,000	12.03	–	–	–	–
Wright Source Limited *(Note 2)*	617,000,000	12.03	–	–	–	–
Munsun Assets Management Limited *(Note 3)*	636,260,000	12.40	–	–	–	–

Notes:

(1) Mr. Tai Chung Suen has an option to acquire from Mr. Xie Haiyu a maximum amount of 446,000,000 shares within 12 months from the date of the memorandum dated 13 April 2013. Such option has not been exercised up to the date of publication of this interim report.

(2) Wright Source Limited, a company wholly-owned by Mr. Cheung Wai Kuen, holds 28.35% interest in Munsun Fund I, in which holds a 100% interest in Munsun Fund II. Munsun Fund II holds 617,000,000 shares of the Company.

(3) Munsun Assets acts as the General Partner and Investment Manager of Munsun Fund I and Munsun Fund II, holds 19,260,000 shares of the Company. Munsun Fund I holds 100% equity interest in Munsun Fund II, in which Munsun Fund II holds 617,000,000 shares of the Company.

REVIEW OF INTERIM REPORT

The audit committee of the Company (the "Audit Committee") has reviewed the Group's interim report for the six months ended 30 June 2013. The Audit Committee comprises all of the three independent non-executive directors, namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Gao Dezhu and Mr. Kang Yi.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2013.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

By Order of the Board
L'sea Resources International Holdings Limited
Chen Zhenliang
Chairman

Hong Kong, 30 August 2013

The board of directors (the "Board") of L'sea Resources International Holdings Limited (the "Company") is pleased to announce that the consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 together with comparative figures for the corresponding period in 2012.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended	
	Notes	**30.6.2013** ***HK$'000*** **(unaudited)**	30.6.2012 *HK$'000* (unaudited)
Revenue	*3*	**229,867**	169,980
Cost of sales		**(231,528)**	(215,076)
Gross loss		**(1,661)**	(45,096)
Interest income		**5**	199
Other income		**–**	851
Other gains and losses	*5*	**238,537**	(88,446)
Administrative expenses		**(28,284)**	(37,247)
Finance costs	*6*	**(28,699)**	(37,331)
Profit (loss) before taxation		**179,898**	(207,070)
Taxation credit	*7*	**131**	52,418
Profit (loss) for the period	*8*	**180,029**	(154,652)
Other comprehensive (expense) income for the period:			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(64,986)**	975
Total comprehensive income (expense) for the Period		**115,043**	(153,677)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2013

		Six months ended	
	Notes	**30.6.2013** **HK$'000** **(unaudited)**	30.6.2012 *HK$'000* (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**195,603**	(136,310)
Non-controlling interests		**(15,574)**	(18,342)
		180,029	(154,652)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**131,622**	(135,521)
Non-controlling interests		**(16,579)**	(18,156)
		115,043	(153,677)
Profit (loss) per share (HK cents)	*10*		
Basic and diluted		**4.36**	(4.73)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30.6.2013 HK$'000 (unaudited)	31.12.2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	11	207,456	272,499
Mining rights		80,105	113,446
Exploration and evaluation assets		274,319	298,379
Deposits		14,602	16,571
		576,482	700,895
Current assets			
Inventories		19,579	18,511
Trade receivables	12	33,175	46,184
Other receivables, prepayments and deposits		42,968	49,124
Held-for-trading investments	13	16,337	19,105
Deposits paid for repurchase of convertible bonds		–	150,000
Tax recoverable		–	4,134
Bank balances and cash		168,850	50,654
		280,909	337,712
Current liabilities			
Trade payables	14	51,898	37,475
Other payables, deposits received and accruals		102,572	113,257
Amount due to non-controlling shareholder of a subsidiary		3,825	9,624
Amount due to a joint venturer		–	18,087
Amounts due to related companies		–	11,155
Amount due to a director		–	152,736
Convertible bonds		–	328,483
Obligations under finance leases		456	14,982
		158,751	685,799
Net current assets (liabilities)		122,158	(348,087)
Total assets less current liabilities		698,640	352,808

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2013

	Notes	**30.6.2013** **HK$'000** **(unaudited)**	31.12.2012 HK$'000 (audited)
Capital and reserves			
Share capital	*15*	**25,650**	14,400
Reserves		**522,064**	153,741
Equity attributable to owners of the Company		**547,714**	168,141
Non-controlling interests		**5,395**	20,693
Total equity		**553,109**	188,834
Non-current liabilities			
Deferred taxation		**16,666**	19,048
Convertible bonds		**113,159**	99,904
Obligations under finance leases		**827**	27,486
Provision for rehabilitation		**14,879**	17,536
		145,531	163,974
		698,640	352,808

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Special reserve	Other reserve	Convertible bonds equity reserve	Retained profits	Subtotal	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012 (audited)	14,400	389,589	7,664	7,800	–	577,214	(588,941)	407,726	46,784	454,510
Loss for the period	–	–	–	–	–	–	(136,310)	(136,310)	(18,342)	(154,652)
Other comprehensive income for the period	–	–	789	–	–	–	–	789	186	975
Total comprehensive income (expense) for the period	–	–	789	–	–	–	(136,310)	(135,521)	(18,156)	(153,677)
Early redemption on convertible bonds	–	–	–	–	–	(11,135)	–	(11,135)	–	(11,135)
At 30 June 2012 (unaudited)	14,400	389,589	8,453	7,800	–	566,079	(725,251)	261,070	28,628	289,698
At 1 January 2013 (audited)	14,400	389,589	16,034	7,800	–	566,079	(825,761)	168,141	20,693	188,834
Profit (loss) for the period	–	–	–	–	–	–	195,603	195,603	(15,574)	180,029
Other comprehensive expense for the period	–	–	(63,981)	–	–	–	–	(63,981)	(1,005)	(64,986)
Total comprehensive (expense) income for the period	–	–	(63,981)	–	–	–	195,603	131,622	(16,579)	115,043
Issue of shares	11,250	438,750	–	–	–	–	–	450,000	–	450,000
Transaction costs attributable to issue of shares	–	(5,412)	–	–	–	–	–	(5,412)	–	(5,412)
Acquisition of additional interest of a subsidiary	–	–	–	–	(1,281)	–	–	(1,281)	1,281	–
Early redemption on convertible bonds	–	–	–	–	–	(432,817)	237,461	(195,356)	–	(195,356)
At 30 June 2013 (unaudited)	25,650	822,927	(47,947)	7,800	(1,281)	133,262	(392,697)	547,714	5,395	553,109

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended	
	30.6.2013 *HK$'000* (unaudited)	30.06.2012 *HK$'000* (unaudited)
Net cash from (used in) operating activities	73,092	(201)
Interest received	1,949	199
Purchase of property, plant and equipment	(38,907)	(47,413)
Proceeds a disposal of property, plant and equipment	43,617	–
Exploration and evaluation expenditure incurred	(12,675)	–
Net cash used in investing activities	(6,016)	(47,214)
Interest paid	(10,062)	(944)
(Repayment to) advance from non-controlling shareholder of a subsidiary	(5,604)	36,673
Early redemption of convertible bonds	(151,722)	(17,100)
Repayment of obligation under finance leases	(40,324)	(7,703)
Issue of Shares	360,800	–
Transaction costs attributable to issue of shares	(5,412)	–
Repayment to a director	(63,536)	–
Repayment to related companies	(11,155)	–
Repayment to a joint venturer	(17,720)	–
Net cash from financing activities	55,265	10,926
Net increase (decrease) in cash and cash equivalents	122,341	(36,489)
Effect of foreign exchange rate changes	(4,145)	2,660
Cash and cash equivalents at 1 January	50,654	126,083
Cash and cash equivalents at 30 June		
Bank balances and cash	168,850	92,254

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2013 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2012.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009–2011 cycle
HKFRS 7 (Amendments)	Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 1 (Amendments)	Presentation of items of other comprehensive income
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

HKFRS 13 Fair value measurement (Continued)

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 18.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 also require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it details only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures" and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly controlled entities — non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a jointly arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

Impact of the application of HKFRS 11 (Continued)

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. YTPAH, a non-wholly owned subsidiary of the Group, entered into a joint venture agreement with another venturer. Each of the venturers hold 50% interest in certain mining projects (the "JV Projects") located in Tasmania, Australia. The directors concluded that the Group's investment in the JV Projects, which was classified as a jointly controlled asset under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint operation under HKFRS 11. The application of HKFRS 11 has no impact on the amounts reported in the condensed consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current financial information period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Revenue represents the net amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group's operation is tin mining and sales of tin and copper concentrates ("Mining") and management determined that the Group has only one operating and reportable segment.

For the six months ended 30 June 2013

	Consolidated *HK$'000*
Mining segment revenue	229,867
Segment result	(60)
Unallocated corporate income	224,667
Unallocated corporate expenses	(16,069)
Unallocated finance costs	(28,640)
Profit before taxation	179,898

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2012

	Consolidated *HK$'000*
Mining segment revenue	169,980
Segment result	(163,773)
Unallocated corporate income	23
Unallocated corporate expenses	(6,933)
Finance costs	(36,387)
Loss before taxation	(207,070)

Other information (unaudited)

For the six months ended 30 June 2013

	Mining *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to property, plant and equipment	38,780	127	38,907
Depreciation of property, plant and equipment	34,292	946	35,238
Amortisation of mining rights	22,080	–	22,080

For the six months ended 30 June 2012

	Mining *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to property, plant and equipment	45,827	1,586	47,413
Depreciation of property, plant and equipment	30,155	1,311	31,466
Amortisation of mining rights	23,851	–	23,851

5. OTHER GAINS AND LOSSES

	Six months ended 30.06.2013 HK$'000 (unaudited)	Six months ended 30.06.2012 HK$'000 (unaudited)
Gain on disposal of property, plant and equipment	2,700	–
Loss on fair value change of derivative financial instruments	–	(92,244)
Fair value change of financial liabilities at FVTPL	–	7,743
Fair value change of held-for-trading investments	(2,738)	(8,081)
Gain on early redemption on convertible bonds	227,499	2,217
Net foreign exchange gain	11,076	1,919
	238,537	(88,446)

6. FINANCE COSTS

	Six months ended 30.06.2013 HK$'000 (unaudited)	Six months ended 30.06.2012 HK$'000 (unaudited)
Interest on:		
Obligations under finance leases wholly repayable within five years	468	944
Loan from a director	702	–
Loan from a related company	411	–
Other borrowings	6,264	–
Convertible bonds	20,854	36,387
	28,699	37,331

7. TAXATION CREDIT

	Six months ended	
	30.06.2013	30.06.2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Deferred tax credit	**131**	52,418

Australian Income Tax has been provided at the statutory rate of 30% on the estimated assessable profits arising in Australia during the period.

The estimated average annual tax rate used is 30% for the six months ended 30 June 2013.

8. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30.06.2013	30.06.2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging:		
Auditor's remuneration	**900**	900
Cost of inventories recognised as an expense	**231,528**	215,076
Depreciation of property, plant and equipment	**35,238**	31,466
Amortisation of mining rights	**22,080**	23,851
Operating lease rentals in respect of rented premises	**2,846**	3,070
Staff costs (including director's emoluments)	**5,489**	9,900

9. DIVIDEND

The directors do not recommend the payment of an interim dividend (six months ended 30 June 2012: Nil).

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for each of the two periods ended 30 June 2013 and 2012 is based on the consolidated profit (loss) attributable to the owners of the Company for the respective periods:

	2013	2012
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**4,483,591**	2,880,000

The incremental shares from assumed conversion of convertible bonds are excluded in the calculating the diluted earnings (loss) per share for the six months ended 30 June 2013 as the effect of which would increase the earnings per share (six months ended 30 June 2012: decrease the loss per share).

11. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to the Group's property, plant and equipment amounted to HK$39 million (six months ended 30 June 2012: HK$47 million).

12. TRADE RECEIVABLES

	30.06.2013	31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**33,175**	46,184

The Group allows a credit period of 10 days after mutual agreement on grade and weights of tin concentrates with the customers.

12. TRADE RECEIVABLES (Continued)

The following is an aged analysis of trade receivables presented based on invoice date at the end of the reporting period:

	30.06.2013 *HK$'000* (unaudited)	31.12.2012 *HK$'000* (audited)
0–30 days	21,482	46,184
31–60 days	5,789	–
61–90 days	5,447	–
Over 90 days but less than one year	457	–
	33,175	46,184

13. HELD-FOR-TRADING INVESTMENT

	30.06.2013 *HK$'000* (unaudited)	31.12.2012 *HK$'000* (audited)
Equity securities listed in Hong Kong	16,337	19,105

Fair values of held-for-trading investments are based on quoted market bid price at end of reporting period.

During the period ended 30 June 2013, a loss of HK$2,738,000 was recognised in respect of changes in fair value of held-for-trading investments.

14. TRADE PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period is as follows:

	30.06.2013 *HK$'000* (unaudited)	31.12.2012 *HK$'000* (audited)
0–30 days	43,669	37,352
31–60 days	8,229	123
	51,898	37,475

15. SHARE CAPITAL

	Number of Shares *'000*	Share capital *HK$'000*
Ordinary shares of HK$0.005 each		
Authorised:		
At 1 January 2013 and 30 June 2013 (unaudited)	20,000,000	100,000
Issued:		
At 1 January 2013 (unaudited)	2,880,000	14,400
Issue on placement of shares on 22 February 2013	1,804,000	9,020
Issue on loan capitalisation on 22 February 2013	446,000	2,230
At 30 June 2013	5,130,000	26,560

16. CAPITAL COMMITMENTS

At the end of the reporting period, the Group's share of capital commitments of the JV Projects is as follows:

	30.06.2013 HK$'000	31.12.2012 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— property, plant and equipment of the JV Projects	3,578	1,345

As at 30 June 2013, YTPAH has provided a guarantee and indemnity to a finance lessor relating to the Group's obligations of finance leases. This guarantee and indemnity are given to as a finance lessor jointly and severally with the joint venture, BMT.

17. RELATED PARTY TRANSACTIONS

During the period, the Group had entered into the following significant transactions with related parties:

	30.06.2013 HK$'000 (unaudited)	30.06.2012 HK$'000 (unaudited)
Sales to Yunnan Tin Australia TDK Resources Pty Ltd *(Note)*	229,867	169,980

Note: The price of tin concentrates per dry metric ton was agreed by the above-mentioned parties after taking into account the factors:

(i) the London Metal Exchange cash settlement average price of tin metal;

(ii) the treatment charge per dry metric ton;

(iii) deduction based on the final tin content; and

(iv) penalty for impurity.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30.6.2013 ***HK$'000***	31.12.2012 *HK$'000*		
Investments in listed equity securities classified as investments held for trading in the condensed consolidated statement of financial position	**Listed equity securities – HK$16,337,000**	Listed equity securities – HK$19,105,000	Level 1	Quoted bid prices in an active market

19. APPROVAL OF THE INTERIM FINANCIAL REPORT

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 30 August 2013.