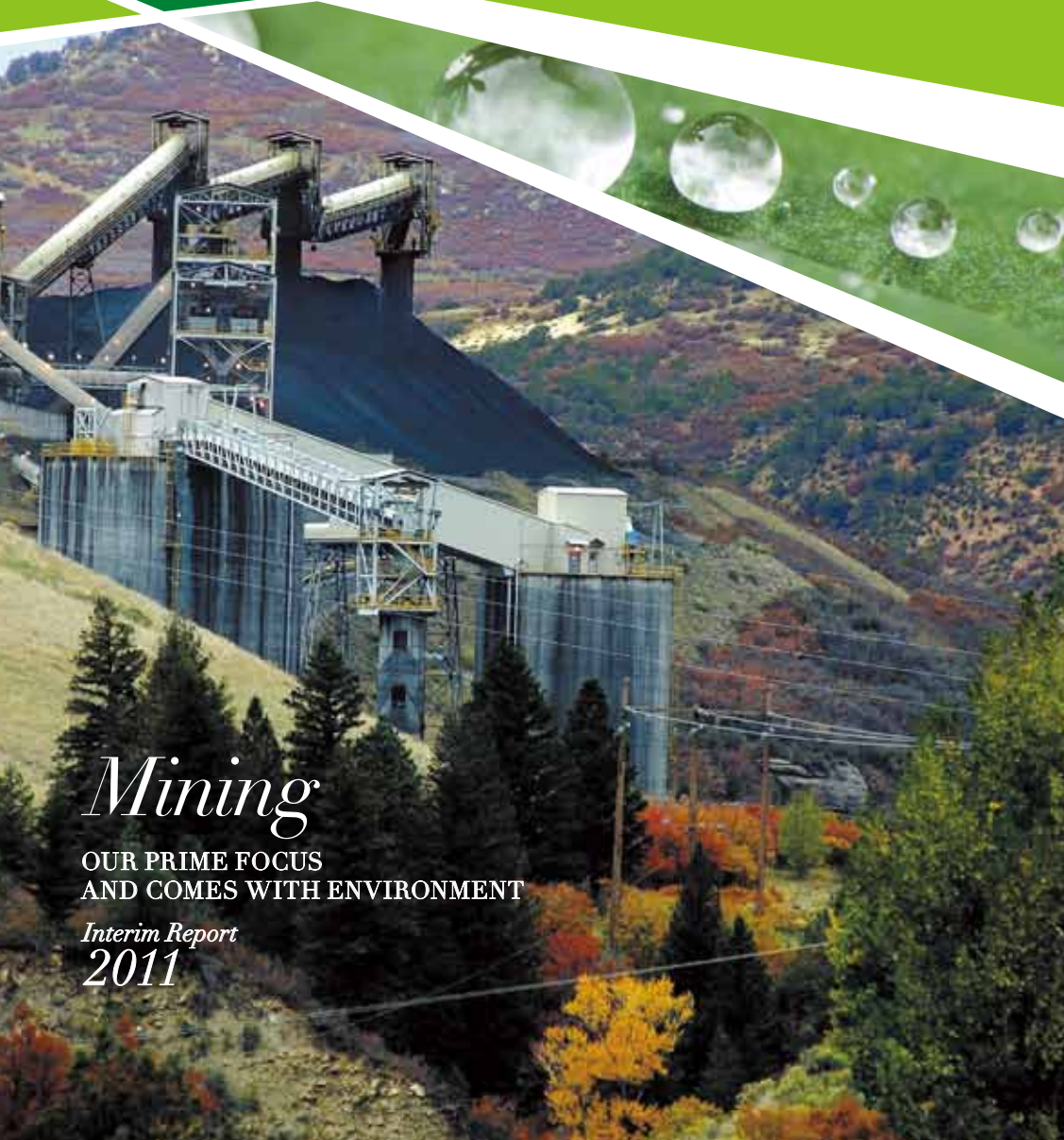




Sun International Resources Limited
太陽國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029



Mining

OUR PRIME FOCUS
AND COMES WITH ENVIRONMENT

Interim Report
2011



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL SUMMARY (UNAUDITED)

- Turnover of the Group was approximately HK\$112,288,000 for the six months ended 30 September 2011, representing an increase of approximately 32% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2011, gross profit of the Group was approximately HK\$94,105,000 as compared to the gross profit of approximately HK\$69,162,000 from the corresponding period in the previous fiscal year.
- Profit attributable to shareholders of the Group for the six months ended 30 September 2011 amounted to approximately HK\$29,029,000 as compared to net profit of approximately HK\$35,999,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: Nil).



Andes Glacier CPA Limited

思捷會計師行有限公司

Room 1, 30 Floor, No. 99 Hennessy Road,
Wanchai, Hong Kong
香港灣仔軒尼詩道99號30樓01室

TO THE BOARD OF DIRECTORS OF SUN INTERNATIONAL RESOURCES LIMITED

(incorporated in the Cayman Islands with limited liabilities)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 27, which comprise the condensed consolidated statement of financial position of Sun International Resources Limited (the “Company”) and its Subsidiaries (collectively referred to as the “Group”) as of 30th September 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS34.

Andes Glacier CPA Limited

Hsu Yuk King, Mercedes

Practising Certificate Number: P03548

Hong Kong, 4 November 2011

CONSOLIDATED INTERIM RESULTS FOR 2011 (UNAUDITED)

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated results of the Group for the three months and six months ended 30 September 2011, together with the comparative unaudited figures for the corresponding period in 2010 were as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2011

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2011 HK\$	2010 HK\$	2011 HK\$	2010 HK\$
Revenue	2	55,993,038	42,935,584	112,287,595	84,915,311
Direct costs		(6,656,523)	(8,280,403)	(18,182,842)	(15,753,540)
Gross profit		49,336,515	34,655,181	94,104,753	69,161,771
Other operating income		105,130	332,362	882,278	908,783
Amortization		(2,711,035)	(458,621)	(2,733,425)	(856,738)
Administrative expenses		(20,626,742)	(13,619,586)	(43,394,261)	(30,848,447)
Share of losses of associates		(867,631)	—	(867,631)	—
Finance costs		(7,788,819)	(7,854)	(15,016,671)	(16,962)
Profit before taxation	3	17,447,418	20,901,482	32,975,043	38,348,407
Income tax expense	4	(3,341,989)	(1,981,513)	(6,652,850)	(4,054,590)
Profit for the period		14,105,429	18,919,969	26,322,193	34,293,817
Other comprehensive income:					
Currency translation differences		(3,692,551)	(784,452)	(5,911,807)	(764,227)
Other comprehensive income for the period		(3,692,551)	(784,452)	(5,911,807)	(764,227)
Total comprehensive income for the period		10,412,878	18,135,517	20,410,386	33,529,590

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2011 HK\$	2010 HK\$	2011 HK\$	2010 HK\$
Profit attributable to:					
Equity holders of the Company		17,350,241	19,375,962	29,029,463	35,999,103
Non-controlling interests		(3,244,812)	(455,993)	(2,707,270)	(1,705,286)
		14,105,429	18,919,969	26,322,193	34,293,817
Total comprehensive income attributable to:					
Equity holders of the Company		14,240,732	18,973,538	23,669,225	35,603,835
Non-controlling interests		(3,827,854)	(838,021)	(3,258,839)	(2,074,245)
		10,412,878	18,135,517	20,410,386	33,529,590
Dividend	5	—	—	—	—
Earnings per share	6				
Basic (HK cents per share)		1.87	2.12	3.13	3.93
Diluted (HK cents per share)		1.75	2.12	2.92	3.90

Condensed Consolidated Statement of Financial Position

As at 30 September 2011

	Notes	At 30 September 2011 HK\$ (Unaudited)	At 31 March 2011 HK\$ (Audited)
Non-current assets			
Intangible assets	7	1,106,239,767	1,075,568,296
Goodwill	8	419,539,298	419,539,298
Exploration and evaluation assets	9	335,892	33,777,360
Property, plant and equipment	10	37,999,456	31,572,113
Investment properties	11	74,606,024	74,797,984
Interest in associate		279,132,369	280,000,000
		1,917,852,806	1,915,255,051
Current assets			
Inventories		16,702,705	9,911,254
Films in progress		12,155,663	12,155,663
Tax recoverable		710,414	961,471
Trade receivables	12	122,588,953	71,774,365
Derivative financial instruments		11,939,751	11,939,750
Prepayments, deposits and other receivables	13	11,672,772	15,662,550
Bank balances and cash		127,630,775	147,144,130
		303,401,033	269,549,183
Current liabilities			
Accruals and other payables		24,513,092	19,633,050
Trade payables	14	2,045,660	1,929,920
Deposits received		1,078,161	1,370,409
Amount due to a shareholder	15	25,350,000	25,350,000
Obligations under finance leases	16	62,091	101,784
Tax payables		9,578,012	2,561,096
Convertible notes	17	178,623,283	158,844,312
		241,250,299	209,790,571
Net current assets		62,150,734	59,758,612

	Notes	At 30 September 2011 HK\$ (Unaudited)	At 31 March 2011 HK\$ (Audited)
Total asset less current liabilities		1,980,003,540	1,975,013,663
Non-current liabilities			
Obligations under finance leases	16	—	23,153
Promissory note	18	140,000,000	140,000,000
Deferred tax	19	268,726,282	269,409,638
		408,726,282	409,432,791
		1,571,277,258	1,565,580,872
Capital and reserves			
Share capital	20	37,104,000	37,104,000
Reserves		1,134,207,356	1,124,452,129
Non-controlling interest		399,965,902	404,024,743
		1,571,277,258	1,565,580,872

Condensed Consolidation Interim Statement of Changes in Equity

For the period ended 30 September 2011

	Attributable to equity holders of the Company										
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Deficit	Share Option Reserve	Convertible Notes reserve	Exchange Translation Reserve	Accumulated Profits/(Loss)	Sub-total	Non-Controlling Interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2010 (Audited)	36,604,400	734,858,793	254,600	369,866	33,610,939	—	(235,839)	248,438,783	1,053,901,542	367,011,957	1,420,913,499
Arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Profit for the six months ended 30 September	—	—	—	—	—	—	—	35,999,103	35,999,103	(1,705,286)	34,293,817
Other comprehensive income:											
Currency translation differences	—	—	—	—	—	—	(395,268)	—	(395,268)	(368,959)	(764,227)
Total comprehensive income for the six months ended 30 September 2010	—	—	—	—	—	—	(395,268)	35,999,103	35,603,835	(2,074,245)	33,529,590
At 30 September 2010 (Unaudited)	36,604,400	734,858,793	254,600	369,866	33,610,939	—	(631,107)	284,437,886	1,089,505,377	364,937,712	1,454,443,089
At 1 April 2011 (Audited)	37,104,000	747,247,169	254,600	369,866	38,254,919	18,366,388	(1,757,702)	321,716,889	1,161,556,129	404,024,743	1,565,580,872
Profit for the six months ended 30 September 2011	—	—	—	—	—	—	—	29,029,463	29,029,463	(2,707,270)	26,322,193
Dividend paid	—	—	—	—	—	—	—	(13,914,000)	(13,914,000)	—	(13,914,000)
Dividend paid to non-controllable interest	—	—	—	—	—	—	—	—	—	(800,000)	(800,000)
Other comprehensive income:											
Currency translation differences	—	—	—	—	—	—	(5,360,236)	—	(5,360,236)	(551,571)	(5,911,807)
Total comprehensive income for the six months ended 30 September 2011	—	—	—	—	—	—	(5,360,236)	15,115,463	9,755,227	(4,058,841)	5,696,386
At 30 September 2011 (Unaudited)	37,104,000	747,247,169	254,600	369,866	38,254,919	18,366,388	(7,117,938)	336,832,352	1,171,311,356	399,965,902	1,571,277,258

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2011

	For the six months ended 30 September	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
Net cash from operating activities	6,555,053	51,473,810
Net cash (used in) investing activities	(11,268,959)	(10,172,907)
Net cash (used in) financing activities	(14,776,846)	(108,608)
Net (decrease)/increase in cash and cash equivalent	(19,490,752)	41,192,295
Cash and cash equivalent at the beginning of the period	147,144,130	44,127,152
Effect of exchange rate changes	(22,603)	(743,388)
Cash and cash equivalent at the end of the period	127,630,775	84,576,059



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2011.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 April 2010, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The unaudited consolidated results have been prepared under the historical cost convention except for certain properties and certain financial instruments, which are measured at fair values.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2011.

The unaudited consolidated results of the Group for the six months ended 30 September 2011 are unaudited but have been reviewed by the Company’s Audit Committee and auditors.

2. REVENUE

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers.

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

2. REVENUE *(Continued)*

Business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organized into four business segments — computer software solution and services, hotel services, mining and others.

Segment Information

For the period ended 30 September 2011 (Unaudited)

	Philippines	Indonesia	Hong Kong			Consolidated HK\$
	Hotel Services HK\$	Mining HK\$	Computer services HK\$	Others HK\$	Sub-total HK\$	
Turnover						
External sales	41,000,041	10,400,858	60,886,696	—	60,886,696	112,287,595
Results						
Segment results	19,467,763	(9,244,830)	46,958,466	(6,631,314)	40,327,152	50,550,085
Unallocated corporate incomes						4,900
Unallocated corporate expenses						(2,569,166)
Finance cost						(15,010,776)
Profit before taxation						32,975,043
Income tax expenses						(6,652,850)
Profit for the period						<u>26,322,193</u>

2. REVENUE (Continued)

Business segments (Continued)

Segment Information (Continued)

For the period ended 30 September 2010 (Unaudited)

	Philippines	Indonesia	Hong Kong			Consolidated HK\$
	Hotel Services HK\$	Mining HK\$	Computer services HK\$	Others HK\$	Sub-total HK\$	
Turnover						
External sales	41,920,966	—	39,903,302	3,091,043	42,994,345	84,915,311
Results						
Segment results	20,902,592	(5,527,787)	24,814,843	179,228	24,994,071	40,368,876
Unallocated corporate incomes						4,334
Unallocated corporate expenses						(2,007,841)
Finance cost						(16,962)
Profit before taxation						38,348,407
Income tax expenses						(4,054,590)
Profit for the period						34,293,817

2. REVENUE (Continued)

Geographical segments

The Group's operations are principally located in Hong Kong, Indonesia and Philippines. The following table provides an analysis of the Group's turnover by geographical market:

Revenue from external customers

	For the six months ended 30 September	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
Hong Kong	60,886,696	42,994,345
The Philippines	41,000,041	41,920,966
Indonesia	10,400,858	—
	112,287,595	84,915,311

The following is an analysis of the carrying amount of segment assets and capital expenditures analysed by geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Hong Kong	809,535,930	782,427,110	5,287,102	809,735
The Philippines	218,257,976	198,333,952	87,324	5,486,487
Indonesia	1,154,990,590	1,146,581,298	5,082,586	6,673,391
Macao	129,288	—	103,085	—
	2,182,913,784	2,127,342,360	10,560,097	12,969,613

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
Employee benefits expenses including those of directors — wages, salaries and others	8,721,478	8,998,495	17,278,104	18,152,577
Amortisation for intangible asset	1,833,694	458,621	2,733,425	856,738
Depreciation for property, plant and equipment — owned assets	2,043,393	1,194,424	3,701,110	3,085,094
— finance lease assets	26,872	24,326	55,439	48,649
Interest income	276,346	9,195	586,366	14,038

4. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2010: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
Deferred taxation	(683,356)	—	(683,356)	—
Current income tax				
— Hong Kong profits tax	4,000,440	1,964,492	7,267,973	4,021,497
— Overseas taxation	24,905	17,021	68,233	33,093
	3,341,989	1,981,513	6,652,850	4,054,590

5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: Nil).

6. EARNINGS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010
	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	17,350,241	19,375,962	29,029,463	35,999,103

	Number of shares		Number of shares	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	927,600,000	915,110,000	927,600,000	915,110,000
Effect of dilutive potential ordinary shares: share options	64,767,534	657,534	66,247,432	8,587,037
Weighted average number of ordinary shares for the purpose of diluted earnings per share	992,367,534	915,767,534	993,847,432	923,697,037

7. INTANGIBLE ASSETS

	Mining right HK\$ (Unaudited)
Valuation:	
Balance at 1 April 2011 and 30 September 2011	1,110,342,537
Transfer from exploration and evaluation	33,966,588
Exchange realignment	(561,692)
	1,143,747,433
Amortisation:	
Balance at 1 April 2011	34,774,241
Provided during the period	2,733,425
	37,507,666
Net book values:	
At 30 September 2011	1,106,239,767
At 31 March 2011	1,075,568,296

8. GOODWILL

	30 September 2011 HK\$	31 March 2011 HK\$
Cost		
Balance at 1 April 2011/2010	419,539,298	510,685,062
Balance at 30 September/31 March	419,539,298	510,685,062
Impairment		
Balance at 1 April 2011/2010	—	91,145,764
Balance at 30 September/31 March	—	91,145,764
Carrying amounts		
At 30 September/31 March	419,539,298	419,539,298

8. GOODWILL (Continued)

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amount of goodwill (net of accumulated impairment losses) as at 30 September 2011 is allocated as follow:

	30 September 2011 HK\$	31 March 2011 HK\$
Computer software solution and services	340,238,822	340,238,822
Hotel services	79,300,476	79,300,476
	419,539,298	419,539,298

9. EXPLORATION AND EVALUATION ASSETS

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Cost:		
Balance at 1 April	34,215,275	43,120,912
Addition for the period	525,120	(10,052,907)
Transfer to intangible assets	(34,404,503)	—
Exchange realignment	—	1,147,270
Balance at 30 September/31 March	335,892	34,215,275
Amortization:		
Balance at 1 April	437,915	932,874
Transfer to intangible assets	(437,915)	(597,816)
Arising on acquisition of subsidiaries	—	—
Amortization for the period	—	89,425
Exchange realignment	—	13,432
Balance at 30 September/31 March	—	437,915
Net book values:		
At 30 September/31 March	335,892	33,777,360

10. PROPERTY, PLANT AND EQUIPMENT

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Cost:		
Balance at 1 April 2011/2010	42,577,185	27,825,545
Additions	10,560,097	12,969,613
Disposals	(64,450)	(1,128,540)
Written off	—	(2,799,975)
Transfer from exploration and exploitation	—	10,052,907
Transfer to investment properties	—	(4,960,000)
Exchange realignment	(452,514)	617,635
Balance at 30 September/31 March	52,620,318	42,577,185
Depreciation:		
Balance at 1 April 2011/2010	11,005,072	4,978,938
Depreciation charge	3,756,549	6,248,558
Elimination upon disposal	(57,455)	(682,581)
Written off	—	(172,522)
Transfer from exploration and exploitation	—	597,816
Exchange realignment	(83,304)	34,863
Balance at 30 September/31 March	14,620,862	11,005,072
Net book values:		
At 30 September/31 March	37,999,456	31,572,113

11. INVESTMENT PROPERTIES

	30 September 2011 HK\$	31 March 2011 HK\$
At Cost		
At 1 April 2011/2010	130,266,495	123,451,446
Additions	186,242	1,855,049
Exchange realignment	(659,489)	4,960,000
At 30 September/31 March 2011	129,793,248	130,266,495
Depreciation and impairment		
At 1 April 2011/2010	55,468,511	55,468,511
Exchange realignment	(281,287)	—
At 30 September/31 March 2011	55,187,224	55,468,511
Net book value		
At 30 September/31 March 2011	74,606,024	74,797,984

The fair value of the Group's investment properties at 31 March 2011 has been arrived at on the basis of valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. Grant Sherman Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

	30 September 2011 HK\$	31 March 2011 HK\$
Properties in the Philippines under: Medium-term lease	74,606,024	74,797,984

All of the Group's property interests was held under operating leases to earn rentals or for capital appreciation purposes, are measured using the fair value model and are classified and accounted for as investment properties.

12. TRADE RECEIVABLES

The following is an aged analysis of trade receivables at the reporting date:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Within 30 days	26,333,135	24,446,802
31-60 days	10,251,313	18,171,700
61-90 days	17,097,557	17,157,098
Over 90 days	68,906,948	11,998,765
	122,588,953	71,774,365

The average credit period on the trade receivables is 30-180 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar.

The directors of the Company consider that no provision for impairment shall be made to trade receivables that are past due as the credit quality of the debtors are sound. The directors of the Company consider that the carrying amounts of the Group's trade receivables at 30 September 2011 approximate to their fair values.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Deposits	3,786,340	2,689,366
Prepayments	979,795	3,315,724
Other receivables	6,906,637	9,657,460
	11,672,772	15,662,550

The Directors consider that the carrying amount of prepayments, deposits and other receivables approximates its fair value.

14. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Within 30 days	107,130	—
90 - 120 days	—	—
Over 180 days	1,938,530	1,929,920
	2,045,660	1,929,920

It is the Group's policy to lease certain of its fixed assets under finance leases. The average lease term is one year. For the year ended 30 September 2011, the average effective interest rate was 12.16% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

15. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest free and repayable on demand.

The Directors consider that the carrying amount of amount due to a shareholder approximates its fair value.

16. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payment		Present value of minimum lease payment	
	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Amounts payable under finance leases:				
Within one year	62,091	112,605	62,091	101,784
In second to fifth year inclusive	—	23,568	—	23,153
Less: Future finance charges	62,091	136,173	62,091	124,937
	—	11,236	—	—
Present value of lease obligations	62,091	124,937	62,091	124,937
Less: Amount due within one year shown under current liabilities			62,091	101,784
Amount due after one year			—	23,153

It is the Group's policy to lease certain of its fixed assets under finance leases. The average lease term is one year. For the period ended 30 September 2011, the average effective interest rate was 12.16% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

17. CONVERTIBLE NOTES

The Group and the Company

On 8 December 2010, the Company issued a convertible notes with a principal amount of RMB130,000,000, which is interest bearing at 8% per annum, payable annually in arrears. The convertible notes due on 7 December 2013 is convertible into fully paid ordinary shares with a par value of HK\$0.04 each of the Company at an initial conversion price of HK\$2 per share, subject to adjustment.

The convertible notes contain liability and equity components and redemption option. The equity component is presented in equity heading “convertible notes reserve” and the redemption option is presented in current assets heading “derivative financial instruments”.

The fair value of the liability component of the convertible notes at 30 September 2011 was determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan at the end of the reporting period.

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Balance at 1 April 2011/2010	158,844,312	—
Liability Component	—	149,514,696
Interest expenses charged	15,010,777	6,879,816
Foreign currency realignment	4,768,194	2,449,800
	178,623,283	158,844,312

18. PROMISSORY NOTE

	30 September 2011 HK\$	31 March 2011 HK\$
Non- current	140,000,000	140,000,000

At 30 September 2011, the promissory note was unsecured, interest free and will mature on 30 September 2013.

The directors consider that the carrying amount of promissory note approximates to its fair value.

19. DEFERRED TAX

The following are major deferred tax liabilities recognised and movements thereon during the period/year:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Balance at 1 April 2011/2010	269,409,638	333,620,325
Reversal for the period	(683,356)	(64,210,687)
Balance at 30 September/31 March	268,726,282	269,409,638

20. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$
Ordinary shares of Authorised:		
At 31 March/30 September 2011 (HK\$0.04 each)	3,000,000,000	120,000,000
Issued and fully paid:		
At 31 March/30 September 2011	927,600,000	37,104,000

21. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of directors and key executives as key management of the Group during the period was as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
Short-term benefits	205,000	750,000	361,000	1,500,000
Post-employment benefits	6,000	9,000	9,000	18,000
	211,000	759,000	370,000	1,518,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group recorded a turnover of approximately HK\$112,288,000 for the six months ended 30 September 2011, an increase of 32% when compared to the corresponding period in the last fiscal year. The increase was mainly due to increase in revenue generated from computer services and mining services segment.

The direct costs were increased to approximately HK\$18,183,000 from approximately HK\$15,754,000 compared with the same period last year and the increase in gross profit margin was mainly due to increase in turnover and decrease in cost incurred in computer services when compared with the last fiscal year.

Amortization expenses increased 219% to approximately HK\$2,733,000 compared to approximately HK\$857,000 in 2010. The increase was mainly due to production units increased during the period, the amortization expenses were increased. The production units increased were mainly due to launching of mining services during the period.

Administrative expenses made an increase of 43% to approximately HK\$43,394,000 compared to approximately HK\$30,848,000 in 2010. The increase was mainly due to the costs incurred by the mining business which were acquired in July 2009 and March 2010.

The profit attributable to equity holders of the Company for the six months ended 30 September 2011 was decreased to approximately HK\$29,029,000 from approximately of HK\$35,999,000 compared with the same period last year. The decrease was mainly due to increase in the amortization amount and administrative expenses incurred for mining services during the period.

Under the condensed consolidated statement of cash flows, net cash from operating activities were decreased in approximately HK\$45 million compared with the same period last year, it was mainly due to increase in trade receivables and inventories in approximately HK\$58 million during the period, but decreased HK\$2 million in the corresponding period in the last fiscal year; and the increase in accruals and other payables in approximately HK\$5 million during the period, but decreased HK\$3 million in the corresponding period in the last fiscal year.

PRODUCTION AND REVENUE OF MINING ACTIVITIES

The group's mining production of iron ore were 40,000 tons for the six months ended 30 September 2011 compared with 13,000 tons for the same period in the last fiscal year. It generated revenue of HK\$10.4 million with sales volume of 25,000 tons.

The major expenditure are summarized as the following table.

	Mining Activities HKD'000	Intangible Assets HKD'000
Amortization expenses	—	2,733
Assets and equipment	1,558	—
Compensation expenses	3,234	—
Consultancy and advisory	754	—
Fuel	3,907	—
Government expenses	528	—
Rental expenses	3,445	—
Staff cost	2,697	—
Sub-contracting fee	1,075	—
Transportation expenses	4,299	—
Others	2,588	—
Sub-total	24,085	2,733
Total		26,818

Business Review

For the period under review, the demand for natural resources is increasing due to the new plan of buying Treasuries implemented by the U.S Federal Reserve which stimulates the inflation rate. Hence, the price of iron is increasing while the Group is focusing on mining business. Prior to 2008, the Group was principally engaged in investment holding, hotel services and computer software solution. The acquisition of Gold Track Mining and Resources Limited, and Gold Track Coal and Mining Limited were completed on 17 July 2009 and 1 March 2010 respectively. They were located in the city of Solok, Sumatera Province and the city of Endes, East Nusa Tenggara Province. On 27 March 2011, the Group acquired 35% of Yuet Sing Group Limited (“Yuet Sing”) as associates. Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei Province, PRC. These will provide a great potential for the business growth as the Group is able to step into the natural resources business.

Following the acquisition of Loyal King Investments Limited and its subsidiaries (the “Loyal King Group”), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to maintain a stable income from the business.

The operation of the resort hotel in Cagayan, the revenue generated from resort hotel is very stable and it gives a very promising return to the Group.

At the end of the last financial year, both mines had completed in setting up all necessary machineries and stable income will be expected in the coming year.

On 27 March 2011, the Group acquired 35% of Yuet Sing Group Limited (“Yuet Sing”). Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei province, PRC. Details of the Sale and Purchase Agreement are set out in the report. The mining which is estimated to have approximately 1,205 tons of measured and 54,000 tons of indicated resources for Vanadium Pentoxide (V_2O_5), and 34,000,000 tons of indicated resource for SiO_2 according to a technical report prepared by SRK Consulting China Ltd. (“SRK”) (the “Technical Report”).

Prospects

The major business activities of the Group include hotel resort, information technology service and mining during the period.

The Group continues to operate and allocate resources to hotel and information technology service as they can provide stable income to the group.

Mining business is another business which the Group intends to allocate more resources to develop. During past year, this section of business expanded significantly after acquisition of two mines in Indonesia. Though the operation of mining industry requires high technology and a lot of capital investment, the Group has employed experts from China to run the mines including the newly appointed executive director, Ms. Yeung So Lai, who has solid experience and expertise in mining industry to manage the operation. The Group also appointed an independent director who is an expert in mining to advise the board of directors on this aspect. The management is looking forward to having a great improvement in both revenue and profit margin contribution to the Group.

Liquidity and Financial Resources

As of 30 September 2011, the Group's net assets increased by approximately HK\$5,696,000 from net assets of approximately HK\$1,565,581,000 as at 31 March 2011. The cash and bank balances as at 30 September 2011 was approximately HK\$127,631,000, representing an decrease of approximately 13% when compared with the balance as at 31 March 2011. During the six months ended 30 September 2010, the Group's operation was mainly financed by the internal financial resources of the Group.

Charges on Group Assets

As at 30 September 2011, plant and equipment of approximately of the Group with net book value of HK\$309,000 was held under finance lease (2010: HK\$347,000).

Contingent Liabilities

As at 30 September 2011, the Group had no contingent liabilities.

Foreign Exchange Exposure

The income and expenditure of the Group were denominated in Hong Kong dollars, Indonesian Rupiah, PESO and Renminbi, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or the arrangements to reduce the currency risk have been implemented.

Employee Information

The total number of employees was 388 as at 30 September 2011 (2010: 439), and the total remuneration for the six months ended 30 September 2011 was approximately HK\$17,278,000 (2010: HK\$17,314,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As at 30 September 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Ordinary share of HK\$0.04 each of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chau Cheuk Wa	Corporate (Note)	271,655,000	Interest of a controlled corporation	29.29%
Mr. Lee Chi Shing, Caesar	Personal	500,000	Beneficial owner	0.05%

Note: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheuk Wa and as to 50% by Mr. Cheng Ting Kong.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the “New Scheme”), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 30 September 2011 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the year	Share option lapsed	Exercise price of share options HK\$	Exercise period from until		Number of options outstanding as at 30 June 2011
Mr. Chau Cheuk Wa	25/11/2010	910,000	—	—	1.54	25/11/2010	24/11/2020	910,000
Ms. Cheng Mei Ching	9/2/2010	8,300,000	—	—	0.9	9/2/2010	8/2/2020	8,300,000
	25/11/2010	9,150,000	—	—	1.54	25/11/2010	24/11/2020	9,150,000
Mr. Lee Chi Shing, Caesar	19/8/2008	8,380,000	—	—	1.14	19/08/2008	18/08/2018	8,380,000
	9/2/2010	8,300,000	—	—	0.9	9/2/2010	8/2/2020	8,300,000
	25/11/2010	9,150,000	—	—	1.54	25/11/2010	24/11/2020	9,150,000

Save as disclosed above, during the six months ended 30 September 2011, none of the Directors or their respective associates was granted share option to subscribe for shares of the Company and nor had exercised such rights.

Save as disclosed above, during the six months ended 30 September 2011, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Under the terms of the New Scheme adopted by the Company on 5 December 2006, the board of Directors is authorized, at its absolute discretion, to grant options to employee (including any executive and non-executive director), proposed employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group, to subscribe for shares in the Company.

The operation of the old share option scheme was terminated on 5 December 2006, upon the approval of shareholders at the extraordinary general meeting held on 5 December 2006. Under the old share option scheme, no share option was outstanding as at 30 September 2011 and no share option was granted or exercised during the six months ended 30 September 2011.

As at 30 September 2011, details of share options outstanding were as follows:

Date of grant	Number of share options			Exercise period of share options	Exercise price of share options HK\$
	At 1 April 2010	Exercised during the period	At 30 September 2010		
13/08/2007	17,450,000	—	17,450,000	13/8/2007 to 12/8/2017	0.76
17/08/2007	9,600,000	—	9,600,000	17/8/2007 to 16/8/2017	0.72
21/08/2007	9,600,000	—	9,600,000	21/08/2007 to 20/08/2017	0.69
19/08/2008	66,430,000	—	66,430,000	19/08/2008 to 18/08/2018	1.14
27/08/2008	4,800,000	—	4,800,000	27/08/2008 to 26/08/2018	1.16

Date of grant	Number of share options			Exercise period of share options	Exercise price of share options HK\$
	At 1 April 2010	Exercised during the period	At 30 September 2010		
16/12/2009	49,800,000	—	49,800,000	16/12/2009 to 15/12/2019	0.74
09/02/2010	16,600,000	—	16,600,000	09/02/2010 to 08/02/2020	0.90
25/11/2010	47,570,000	—	47,570,000	25/11/2010 to 24/11/2020	1.54
07/12/2010	9,150,000	—	9,150,000	07/12/2010 to 06/12/2020	1.74
	<u>231,000,000</u>	<u>—</u>	<u>231,000,000</u>		

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Group was a party and in which a Director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS AND DISCLOSURE UNDER SFO

So far as is known to any Directors or chief executives of the Company, as at 30 September 2011, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Ordinary share of HK\$0.04 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited (Note 1)	Corporate	271,655,000	Beneficial owner	29.29%
Cheng Ting Kong (Note 1)	Corporate	271,655,000	Interest of a controlled corporation	29.29%
Chau Cheek Wa (Note 1)	Corporate	271,655,000	Interest of a controlled corporation	29.29%
Raywell Holdings Limited (Note 2)	Corporate	135,430,000	Beneficial owner	14.6%
Yeung Hak Kan (Note 2)	Corporate	135,430,000	Interest of a controlled corporation	14.6%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheek Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheek Wa are deemed under the SFO to be interested in the 271,655,000 shares beneficially owned by First Cheer Holdings Limited.
2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 September 2011, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

COMPETITION AND CONFLICT OF INTERESTS


None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined in the GEM Listing Rules), has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company set up an audit committee ("Audit Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. During the period under review, the Audit Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang, all of them are independent non-executive Directors and Mr. Tou Kin Chuen was appointed as the chairman of the Audit Committee. The results for the six months ended 30 September 2011 were reviewed by the Audit Committee.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the period under review, the Remuneration Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang, all of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.



The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

CORPORATE GOVERNANCE

The Company has complied with the code provision set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2011.

SUBSEQUENT EVENTS

The Company had repaid the loan amount of 8% coupon convertible notes on 31 October 2011 in USD11,413,735 equivalent amount of RMB72,533,146 which was half the outstanding principal amount plus 5% accretion and calculated interest thereon as of that date. The redemption were executed according to an Additional Put Agreement dated 28 October 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises four executive Directors, namely, Mr. Chau Cheok Wa, Ms. Yeung So Lai, Ms. Cheng Mei Ching and Mr. Lee Chi Shing, Caesar and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang.

By order of the Board
Sun International Resources Limited
Chau Cheok Wa
Chairman

Hong Kong, 4 November 2011