



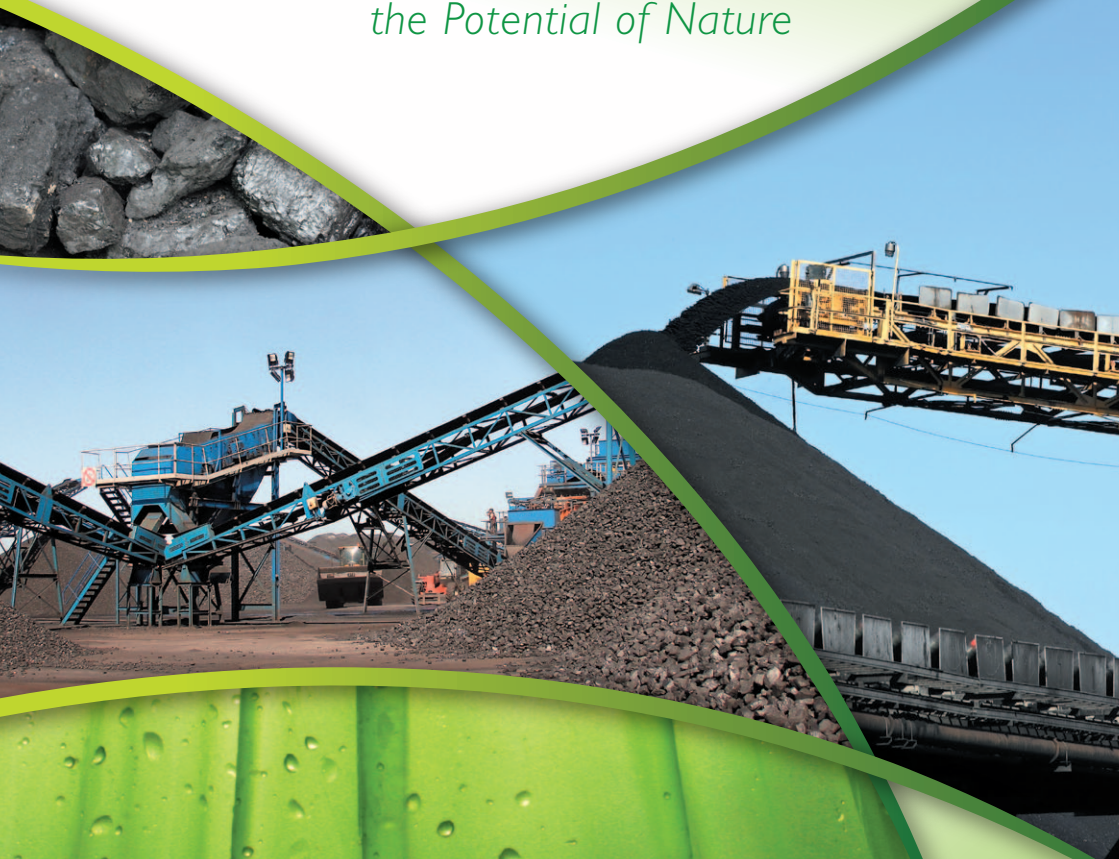
Sun International Resources Limited
太陽國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029

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Interim Report 2012

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

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This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will remain on the “Latest Company Reports” page of the GEM website at www.hkgem.com for at least 7 days from the date of posting and on the designated website of this Company at <http://www.sun8029.com/>.

FINANCIAL SUMMARY (UNAUDITED)

- Turnover of the Group was approximately HK\$117,589,000 for the six months ended 30 September 2012, representing an increase of approximately 5% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2012, gross profit of the Group was approximately HK\$101,976,000 as compared to the gross profit of approximately HK\$94,105,000 from the corresponding period in the previous fiscal year.
- Profit attributable to shareholders of the Group for the six months ended 30 September 2012 amounted to approximately HK\$52,717,000 as compared to net profit of approximately HK\$29,029,000 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 2012 (2011: Nil).

CONSOLIDATED INTERIM RESULTS FOR 2012 (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 2012, together with the comparative unaudited figures for the corresponding period in 2011 were as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2012

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Revenue	2	58,913,144	55,993,038	117,589,202	112,287,595
Direct costs		(7,895,758)	(6,656,523)	(15,613,523)	(18,182,842)
Gross profit		51,017,386	49,336,515	101,975,679	94,104,753
Other operating income		332,437	105,130	1,429,271	882,278
Amortization		–	(2,711,035)	–	(2,733,425)
Administrative expenses		(20,544,878)	(20,626,742)	(41,249,405)	(43,394,261)
Fair value change in intangible assets		(3,705,399)	–	(3,705,399)	–
Share of losses of associates		(246,667)	(867,631)	(414,443)	(867,631)
Finance costs		(1,595,342)	(7,788,819)	(3,195,538)	(15,016,671)
Profit before taxation	3	25,257,537	17,447,418	54,840,165	32,975,043
Income tax expense	4	(1,580,246)	(3,341,989)	(5,834,096)	(6,652,850)
Profit for the period		23,677,291	14,105,429	49,006,069	26,322,193
Other comprehensive income:					
Currency translation differences		(372,805)	(3,692,551)	(1,167,243)	(5,911,807)
Other comprehensive income for the period		(372,805)	(3,692,551)	(1,167,243)	(5,911,807)
Total comprehensive income for the period		23,304,486	10,412,878	47,838,826	20,410,386

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Profit attributable to:					
Equity holders of the Company		25,627,840	17,350,241	52,716,715	29,029,463
Non-controlling interests		(1,950,549)	(3,244,812)	(3,710,646)	(2,707,270)
		23,677,291	14,105,429	49,006,069	26,322,193
Total comprehensive income attributable to:					
Equity holders of the Company		25,283,195	14,240,732	51,636,670	23,669,225
Non-controlling interests		(1,978,709)	(3,827,854)	(3,797,844)	(3,258,839)
		23,304,486	10,412,878	47,838,826	20,410,386
Dividend	5	-	-	-	-
Earnings per share	6				
Basic (HK cents per share)		2.76	1.87	5.68	3.13
Diluted (HK cents per share)		n/a	1.75	5.65	2.92

Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	Notes	At 30 September 2012 HK\$ (Unaudited)	At 31 March 2012 HK\$ (Audited)
Non-current assets			
Intangible assets	7	1,087,141,612	1,092,237,070
Goodwill	8	419,539,298	419,539,298
Property, plant and equipment	9	56,779,171	32,301,084
Investment properties	10	78,512,272	76,652,958
Interest in associate		278,126,748	278,541,191
		1,920,099,101	1,899,271,601
Current assets			
Inventories		34,949,104	30,007,479
Films in progress		12,155,663	12,155,663
Trade receivables	11	129,008,437	140,462,427
Derivative financial instruments		1,931,478	1,931,478
Prepayments, deposits and other receivables	12	16,068,123	18,502,500
Tax recoverable		–	552,342
Bank balances and cash		104,542,134	57,501,651
		298,654,939	261,113,540
Current liabilities			
Trade payables	13	2,400,941	2,253,482
Accruals and other payables		22,390,328	21,891,052
Deposits received		1,050,588	1,063,611
Amount due to a shareholder	14	25,350,000	25,350,000
Obligations under finance leases	15	–	22,395
Promissory notes	17	140,000,000	140,000,000
Tax payables		10,173,958	3,034,620
		201,365,815	193,615,160

	Notes	At 30 September 2012 HK\$ (Unaudited)	At 31 March 2012 HK\$ (Audited)
Net current assets		97,289,124	67,498,380
Total asset less current liabilities		2,017,388,225	1,966,769,981
Non-current liabilities			
Deferred tax	18	264,590,643	265,516,993
Convertible notes	16	84,346,590	81,347,650
		348,937,233	346,864,643
		1,668,450,992	1,619,905,338
Capital and reserves			
Share capital	19	37,104,000	37,104,000
Reserves		1,240,020,277	1,186,914,763
Non-controlling interest		391,326,715	395,886,575
		1,668,450,992	1,619,905,338

Condensed Consolidation Interim Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to equity holders of the Company										
	Share Capital HK\$	Share Premium HK\$	Capital Redemption Reserve HK\$	Merger Deficit HK\$	Share Option Reserve HK\$	Convertible Notes Reserve HK\$	Exchange Translation Reserve HK\$	Accumulated Profits/(Loss) HK\$	Sub-total HK\$	Non-Controlling Interests HK\$	Total HK\$
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
At 1 April 2012 (Audited)	37,104,000	747,247,169	254,600	369,866	38,254,919	14,039,644	(8,627,242)	395,375,807	1,224,018,763	395,886,575	1,619,905,338
Profit for the six months ended 30 September 2012	-	-	-	-	-	-	-	52,716,715	52,716,715	(2,357,249)	50,359,466
Other comprehensive income: Currency translation differences	-	-	-	-	-	-	388,799	-	388,799	(2,202,611)	(1,813,812)
Total comprehensive income for the six months ended 30 September 2012	-	-	-	-	-	-	388,799	52,716,715	53,105,514	(4,559,860)	48,545,654
At 30 September 2012 (Unaudited)	37,104,000	747,247,169	254,600	369,866	38,254,919	14,039,644	(8,238,443)	448,092,522	1,277,124,277	391,326,715	1,668,450,992

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	For the six months ended 30 September	
	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)
Net cash from operating activities	77,372,670	6,555,053
Net cash (used in) investing activities	(30,278,626)	(11,268,959)
Net cash (used in) financing activities	(22,395)	(14,776,846)
Net increase/(decrease) in cash and cash equivalent	47,071,649	(19,490,752)
Cash and cash equivalent at the beginning of the period	57,501,651	147,144,130
Effect of exchange rate changes	(31,166)	(22,603)
Cash and cash equivalent at the ended of the period	104,542,134	127,630,775

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 2012.

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 2012.

The unaudited consolidated results of the Group for the six months ended 30 September 2012 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.

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 2012 (Unaudited)

	Philippines	Indonesia	Macau	Hong Kong			Consolidated HK\$
	Hotel Services HK\$	Mining HK\$	Computer services HK\$	Computer services HK\$	Others HK\$	Sub-total HK\$	
Turnover							
External sales	42,592,213	-	15,277,000	59,719,989	-	59,719,989	117,589,202
Results							
Segment results	23,501,480	(13,103,792)	14,479,794	43,925,150	(8,158,568)	35,766,582	60,644,064
Unallocated corporate incomes							76
Unallocated corporate expenses							(2,608,848)
Finance cost							(3,195,127)
Profit before taxation							54,840,165
Income tax expenses							(5,834,096)
Profit for the period							49,006,069

For the period ended 30 September 2011 (Unaudited)

	Philippines	Indonesia	Macau	Hong Kong			
	Hotel Services HK\$	Mining HK\$	Computer services HK\$	Computer services HK\$	Others HK\$	Sub-total HK\$	Consolidated 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)	(89,635)	47,048,101	(6,631,314)	40,416,787	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							26,322,193

Geographical segments

The Group's operations are principally located in Hong Kong, Indonesia, Philippines and Macau. 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	
	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)
Hong Kong	59,719,989	60,886,696
The Philippines	42,592,213	41,000,041
Indonesia	–	10,400,858
Macau	15,277,000	–
	117,589,202	112,287,595

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 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Hong Kong	842,596,224	781,428,006	30,245,226	5,431,817
The Philippines	200,990,764	210,585,808	–	88,493
Indonesia	1,147,768,597	1,152,205,976	–	4,990,261
Macau	24,369,048	12,757,888	33,400	156,838
	2,215,724,633	2,156,977,678	30,278,626	10,667,409

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	
	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)
Employee benefits expense including those of directors – wages, salaries and others	9,772,918	8,721,478	18,770,123	17,278,104
Amortisation for intangible asset	–	1,833,694	–	2,733,425
Depreciation for property, plant and equipment				
– owned assets	3,186,594	2,043,393	5,096,768	3,722,098
– finance lease assets	1,962	26,872	18,401	34,451
Interest income	298,683	276,346	599,645	586,366

4. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2011: 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	
	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)
Continuing operations				
Over-provision in prior year				
– Overseas taxation	(926,350)	(683,356)	(926,350)	(683,356)
Current income tax				
– Hong Kong profits tax	2,489,573	4,000,440	6,745,448	7,267,973
– Overseas taxation	17,023	24,905	14,998	68,233
	1,580,246	3,341,989	5,834,096	6,652,850

5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: 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	
	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	25,627,840	17,375,962	52,716,715	29,029,463
	Number of shares		Number of shares	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	927,600,000	927,600,000	927,600,000	927,600,000
Effect of dilutive potential ordinary shares: share options	-	64,767,534	5,880,380	66,247,432
Weighted average number of ordinary shares for the purpose of diluted earnings per share	927,600,000	992,367,534	933,480,380	993,847,432

7. INTANGIBLE ASSETS

	Mining right
	HK\$
	(Unaudited)
<hr/>	
Valuation:	
Balance at 1 April 2012 and 30 September 2012	1,142,579,042
Exchange realignment	(1,392,841)
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Balance at 30 September 2012	1,141,186,201
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Amortisation:	
Balance at 1 April 2012	50,341,972
Provided during the period	–
Exchange realignment	(2,782)
<hr/>	
Balance at 30 September 2012	50,339,190
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Impairment:	
Provided during the period	3,705,399
<hr/>	
Balance at 30 September 2012	3,705,399
<hr/>	
Net book values:	
At 30 September 2012	1,087,141,612
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At 31 March 2012	1,092,237,070
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8. GOODWILL

	30 September 2012 HK\$	31 March 2012 HK\$
Cost		
Balance at 1 April 2012/2011	510,685,062	510,685,062
Balance at 30 September/31 March	510,685,062	510,685,062
Impairment		
Balance at 1 April 2012/2011	91,145,764	91,145,764
Balance at 30 September/31 March	91,145,764	91,145,764
Carrying amounts		
At 30 September/31 March	419,539,298	419,539,298

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 2012 is allocated as follow:

	30 September 2012 HK\$	31 March 2012 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. PROPERTY, PLANT AND EQUIPMENT

	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Cost:		
Balance at 1 April 2012/2011	50,250,958	42,577,185
Additions	30,278,626	10,941,105
Written off	–	(1,102,808)
Transfer to investment properties	–	(1,087,153)
Exchange realignment	(826,760)	(1,077,180)
Balance at 30 September/31 March	79,702,824	50,251,149
Depreciation:		
Balance at 1 April 2012/2011	17,949,875	11,005,072
Depreciation charge	5,115,169	7,866,244
Written off	–	(667,627)
Exchange realignment	(141,391)	(253,624)
Balance at 30 September/31 March	22,923,653	17,950,065
Net book values:		
At 30 September/31 March	56,779,171	32,301,084

10. INVESTMENT PROPERTIES

	30 September 2012 HK\$	31 March 2012 HK\$
At Cost		
At 1 April 2012/2011	132,550,978	130,266,495
Additions	–	188,638
Transfer during the year	–	1,087,153
Exchange realignment	3,215,191	1,008,692
At 30 September/31 March 2012	135,766,169	132,550,978
Depreciation and impairment		
At 1 April 2012/2011	55,898,020	55,468,511
Exchange realignment	1,355,877	429,509
At 30 September/31 March 2012	57,253,897	55,898,020
Net book value		
At 30 September/31 March 2012	78,512,272	76,652,958

The fair value of the Group's investment properties at 31 March 2012 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 2012 HK\$	31 March 2012 HK\$
Properties in the Philippines under: Medium-term lease	78,512,272	76,652,958

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.

11. TRADE RECEIVABLES

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

	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Within 30 days	18,762,510	18,278,065
31 - 60 days	18,113,270	17,577,050
61 - 90 days	18,189,007	18,128,257
Over 90 days	73,943,650	86,479,055
	129,008,437	140,462,427

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 2012 approximate to their fair values.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Deposits	4,578,515	7,674,405
Prepayments	1,202,079	2,810,005
Other receivables	10,287,529	8,018,090
	16,068,123	18,502,500

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

13. TRADE PAYABLES

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

	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Within 30 days	378,621	223,900
31 - 90 days	89,204	96,205
91 - 120 days	–	163
Over 180 days	1,933,116	1,933,214
	2,400,941	2,253,482

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 2012, 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.

14. AMOUNT DUE TO A RELATED COMPANY/A SHAREHOLDER

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

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

15. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payment		Present value of minimum lease payment	
	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Amounts payable under finance leases:				
Within one year	-	22,395	-	22,395
In second to fifth year inclusive	-	-	-	-
Less: Future finance charges	-	22,395	-	22,395
Present value of lease obligations	-	22,395	-	22,395
Less: Amount due within one year shown under current liabilities			-	-
Amount due after one year			-	22,395

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 2012, 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.

16. 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 effective interest rate is 8.54%. During the year ended 31 March 2012, part of the convertible note with a principal amount of RMB65,000,000 was redeemed.

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 2012 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 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Balance at 1 April 2012/2011	81,347,650	158,844,312
Early redemption of convertible notes	–	(78,996,949)
Interest expenses charged	–	(12,138,983)
Interest expenses payable	3,195,127	7,805,948
Foreign currency realignment	(196,187)	5,835,979
Gain on early redemption of convertible notes	–	(2,657)
	84,346,590	81,347,650

17. PROMISSORY NOTE

	30 September 2012 HK\$	31 March 2012 HK\$
Current	140,000,000	140,000,000

At 30 September 2012, the promissory note was unsecured, interest free and will mature on 30 March 2013.

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

18. DEFERRED TAX

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

	30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
Balance at 1 April 2012/2011	265,516,993	333,620,325
Reversal for the period	(926,350)	(68,103,332)
Balance at 30 September/31 March	264,590,643	265,516,993

19. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$
Ordinary shares of Authorised:		
At 31 March/30 September 2012 (HK\$0.04 each)	3,000,000,000	120,000,000
Issued and fully paid:		
At 31 March/30 September 2012	927,600,000	37,104,000

20. 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		For the six months ended	
	30 September 2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)	30 September 2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited)
Short-term benefits	720,000	205,000	1,440,000	361,000
Post-employment benefits	12,750	6,000	25,500	9,000
	732,750	211,000	1,465,500	370,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group recorded a turnover of approximately HK\$117,589,000 for the six months ended 30 September 2012, an increase of 5% when compared to the corresponding period in the last fiscal year. The increase was mainly due to increase in revenue generated from computer services segment.

The direct costs were decreased to approximately HK\$15,614,000 from approximately HK\$18,183,000 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.

No amortisation expenses incurred when compared to approximately HK\$2,733,000 in 2011. It was mainly due to decrease in production during the period.

Administrative expenses made a decrease of 5% to approximately HK\$41,249,000 compared to approximately HK\$43,394,000 in 2011. The decrease was mainly due to decrease in the expenses incurred by the computer services business.

The profit attributable to equity holders of the Company for the six months ended 30 September 2012 was increased to approximately HK\$52,717,000 from approximately of HK\$29,029,000 compared with the same period last year. The increase was mainly due to increase in revenue generated from computer services segment and decrease in interest incurred in convertible notes during the period.

Under the condensed consolidated statement of cash flows, net cash from operating activities were increased in approximately HK\$71 million compared with the same period last year, it was mainly due to decrease in trade receivables in approximately HK\$12 million during the period, but increased HK\$51 million in the corresponding period in the last fiscal year; and the decrease in accruals and other payables in approximately HK\$2 million during the period, but increased HK\$5 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 23,000 tons for the six months ended 30 September 2012 compared with 40,000 tons for the same period in the last fiscal year. No revenue generated for the six months ended 30 September 2012.

The major expenditure are summarized as the following table.

	Mining Activities HK\$'000
Assets and equipment	1,633
Compensation expenses	1,467
Consultancy and advisory	7,042
Fuel	143
Government expenses	232
Rental expenses	756
Staff cost	1,911
Transportation expenses	1,678
Others	1,743
Total	16,605

Business Review

For the period under review, the demand for natural resources remains stable 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, Jiashi 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. However, the recent decrease in the market price of iron ores affects the profit situation.

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 announcement. 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 2012, the Group's net assets increased by approximately HK\$48,546,000 from net assets of approximately HK\$1,619,905,000 as at 31 March 2012. The cash and bank balances as at 30 September 2012 was approximately HK\$104,542,000, representing an increase of approximately 82% when compared with the balance as at 31 March 2012. During the six months ended 30 September 2012, the Group's operation was mainly financed by the internal financial resources of the Group.

Charges on Group Assets

As at 30 September 2012, no plant and equipment of the Group was held under finance lease (2011: HK\$309,000).

Contingent Liabilities

As at 30 September 2012, 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 369 as at 30 September 2012 (2011: 388), and the total remuneration for the six months ended 30 September 2012 was approximately HK\$18,770,000 (2011: HK\$17,278,000). 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 2012, the interests and short positions of the Directors and chief executives 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 2012 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 September 2012
Mr. Chau Cheok 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 2012, 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 2012, none of the Directors or chief executives 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 2012 and no share option was granted or exercised during the six months ended 30 September 2012.

As at 30 September 2012, 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 2012	Exercised during the period	At 30 September 2012		
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
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
	231,000,000	–	231,000,000		

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 2012, 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%

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
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 2012, 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 2012 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 2012.

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, 9 November 2012