SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors of Sun Innovation Holdings Limited (the "Company") announces the unaudited interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Review Period") together with the comparative figures for the corresponding period in 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		For the six months ended 30 June	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Continuing operations			
Turnover	2	**93,049**	3,805
Cost of sales and services		**(84,310)**	(1,779)
Gross profit		**8,739**	2,026
Other income and net gains or losses		**280**	220
Selling and distribution expenses		**(23)**	–
Administrative expenses and other net operating expenses		**(13,230)**	(12,887)
Loss on disposal of subsidiaries		**(365)**	–
Finance costs	4	**(1,535)**	(2,724)
Allowance for doubtful debts on trade and other receivables		**(2)**	(320)
Fair value gains on investment properties	8	**14,000**	–
Profit/(loss) before taxation	3	**7,864**	(13,685)
Taxation	5	**(222)**	23
Profit/(loss) for the period from continuing operations		**7,642**	(13,662)

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	For the six months ended 30 June 2011 *HK$'000*	2010 *HK$'000* (Restated)
Discontinued operations	6		
Loss for the period from discontinued operations		**(563)**	(4,557)
Profit/(loss) for the period		**7,079**	(18,219)
Profit/(loss) attributable to:			
– Owners of the Company		**7,130**	(17,459)
– Non-controlling interest		**(51)**	(760)
		7,079	(18,219)
Profit/(loss) per share from continuing and discontinued operations:	7		
– Basic and diluted		**HK cent 0.076**	HK cent (0.199)
Profit/(loss) per share from continuing operations:	7		
– Basic and diluted		**HK cent 0.081**	HK cent (0.156)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) for the period	**7,079**	(18,219)
Other comprehensive income		
Currency translation differences	**(289)**	(170)
Reclassification adjustments of exchange fluctuation reserve upon disposal of subsidiaries	**323**	–
Other comprehensive income for the period, net of tax	**34**	(170)
Total comprehensive income for the period	**7,113**	(18,389)
Total comprehensive income attributable to:		
– Owners of the Company	**7,164**	(17,629)
– Non-controlling interest	**(51)**	(760)
	7,113	(18,389)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	**Unaudited 30 June 2011** *HK$'000*	Audited 31 December 2010 (Restated) *Note 1* *HK$'000*	Audited 1 January 2010 (Restated) *Note 1* *HK$'000*
Non-current assets				
Property, plant and equipment		**1,254**	1,272	1,993
Investment properties	8	**132,000**	118,000	116,000
Intangible assets	9	**–**	–	–
		133,254	119,272	117,993
Current assets				
Trading merchandise goods		**7,815**	–	–
Trade receivables, other receivables and prepayments	10	**37,838**	8,451	6,065
Bank balances and cash		**230,081**	261,067	296,418
		275,734	269,518	302,483
Current liabilities				
Trade payables, other payables and accruals	11	**19,285**	6,111	5,916
Bank and other borrowings		**53,593**	54,830	58,111
Convertible bonds		**–**	35,188	–
Tax payable		**329**	108	108
		73,207	96,237	64,135
Net current assets		**202,527**	173,281	238,348
Total assets less current liabilities		**335,781**	292,553	356,341
Non-current liabilities				
Bank and other borrowings		**–**	–	50
Convertible bonds		**–**	–	35,596
Deferred tax liabilities		**999**	999	1,329
		999	999	36,975
Net assets		**334,782**	291,554	319,366
EQUITY				
Share capital	12	**98,327**	88,827	87,577
Reserves		**238,102**	204,323	230,603
Equity attributable to owners of the Company		**336,429**	293,150	318,180
Non-controlling interest		**(1,647)**	(1,596)	1,186
Total equity		**334,782**	291,554	319,366

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Convertible bonds – equity component *HK$'000*	Land and buildings revaluation reserve *HK$'000*	Contributed surplus *HK$'000*	Exchange fluctuation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interest *HK$'000*	Total equity *HK$'000*
As at 1 January 2010, as previously reported	87,577	206,630	8,522	7,355	49,510	(2,064)	(42,388)	315,142	1,186	316,328
Effect of change in accounting policy *(Note 1)*	–	–	–	–	–	–	3,038	3,038	–	3,038
As at 1 January 2010, as restated	87,577	206,630	8,522	7,355	49,510	(2,064)	(39,350)	318,180	1,186	319,366
Changes in equity for the six months ended 30 June 2010										
Loss for the period	–	–	–	–	–	–	(17,459)	(17,459)	(760)	(18,219)
Other comprehensive income	–	–	–	–	–	(170)	–	(170)	–	(170)
Total comprehensive income for the period	–	–	–	–	–	(170)	(17,459)	(17,629)	(760)	(18,389)
Issue of shares upon conversion of convertible bonds	250	822	(198)	–	–	–	–	874	–	874
As at 30 June 2010 and 1 July 2010, as restated	87,827	207,452	8,324	7,355	49,510	(2,234)	(56,809)	301,425	426	301,851
Changes in equity for the six months ended 31 December 2010										
Loss for the period (restated)	–	–	–	–	–	–	(11,574)	(11,574)	(2,022)	(13,596)
Other comprehensive income	–	–	–	–	–	(357)	–	(357)	–	(357)
Total comprehensive income for the period (restated)	–	–	–	–	–	(357)	(11,574)	(11,931)	(2,022)	(13,953)
Issue of shares upon conversion of convertible bonds	1,000	3,449	(793)	–	–	–	–	3,656	–	3,656
As at 31 December 2010, as restated	88,827	210,901	7,531	7,355	49,510	(2,591)	(68,383)	293,150	(1,596)	291,554
As at 1 January 2011, as previously reported	88,827	210,901	7,531	7,355	49,510	(2,591)	(71,751)	289,782	(1,596)	288,186
Effect of change in accounting policy *(Note 1)*	–	–	–	–	–	–	3,368	3,368	–	3,368
As at 1 January 2011, as restated	88,827	210,901	7,531	7,355	49,510	(2,591)	(68,383)	293,150	(1,596)	291,554
Changes in equity for the six months ended 30 June 2011										
Profit/(loss) for the period	–	–	–	–	–	–	7,130	7,130	(51)	7,079
Other comprehensive income	–	–	–	–	–	34	–	34	–	34
Total comprehensive income for the period	–	–	–	–	–	34	7,130	7,164	(51)	7,113
Issue of shares upon conversion of convertible bonds	9,500	34,146	(7,531)	–	–	–	–	36,115	–	36,115
As at 30 June 2011	98,327	245,047	–	7,355	49,510	(2,557)	(61,253)	336,429	(1,647)	334,782

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Net cash used in operating activities	**(29,736)**	(20,036)
Net cash used in investing activities	**(13)**	(662)
Net cash used in financing activities	**(1,238)**	(1,628)
Decrease in cash and cash equivalents	**(30,987)**	(22,326)
Cash and cash equivalents at 1 January	**261,067**	296,418
Effect of foreign exchange rate changes	**1**	1
Cash and cash equivalents at 30 June	**230,081**	274,093
Represented by:		
Bank balances and cash	**230,081**	274,093

NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 – "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, as modified for investment properties, which are at fair value.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010, except for the change in accounting policy in respect of deferred tax that are expected to be reflected in the 2011 annual financial statements. Details of this change in accounting policy is set out in "Amendments to HKAS 12 "Income Taxes"".

In the current period, the Group has adopted all the new or revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for the current accounting period of the Group. In addition, the Group has early adopted the amendments to HKAS 12 "Income Taxes". Except as explained below, the adoption of these new or revised HKFRSs had no material effect on the financial statements of the Group for both the current and prior reporting periods.

Amendments to HKAS 12 "Income Taxes"

Amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" have been applied in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets in respect of such properties. This change in accounting policy has been accounted for retrospectively.

Effect of adoption of HKAS 12 (Amendment) on the unaudited condensed consolidated income statement and the unaudited condensed consolidated statement of financial position are as follows:

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Condensed consolidated income statement – unaudited		
Decrease in taxation and increase in profit for the period	**2,310**	–
Increase in profit for the period attributable to owners of the Company	**2,310**	–
Increase in basic and diluted profit per share from continuing and discontinued operations (HK cent per share)	**0.025**	–
Increase in basic and diluted profit per share from continuing operations (HK cent per share)	**0.025**	–

	Unaudited As at 30 June 2011	Audited As at 31 December 2010	Audited As at 1 January 2010
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of financial position			
Decrease in deferred tax liabilities	**3,368**	3,368	3,038
Increase in net assets	**3,368**	3,368	3,038
Decrease in accumulated losses	**3,368**	3,368	3,038

Save as the above, the Group has not early adopted the following new/revised HKFRSs that have been issued, potentially relevant to the Group's operations, but are not yet effective. The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the financial statements of the Group:

		Effective date
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets	(i)
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income	(ii)
HKFRS 9	Financial Instruments	(iii)
HKFRS 10	Consolidated Financial Statements	(iii)
HKFRS 12	Disclosure of Interests in Other Entities	(iii)
HKFRS 13	Fair Value Measurement	(iii)

Effective date:

(i) Annual periods beginning on or after 1 July 2011
(ii) Annual periods beginning on or after 1 July 2012
(iii) Annual periods beginning on or after 1 January 2013

2. SEGMENT INFORMATION

Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

– Property investment
– Trading
– Entertainment media (mobile entertainment business) (discontinued during the year ended 31 December 2010 – Note 6)
– Leisure and entertainment events (discontinued during the year ended 31 December 2010 – Note 6)
– Telecommunication (maintenance and support services for cable use right between Japan and Hawaii) (discontinued during the year ended 31 December 2010 – Note 6)

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-makers for assessment of segment performance.

(a) Analysis of the Group's revenue and results for the period and assets by business segment are as follows:

	Continuing operations						Discontinued operations									
	Property investment		Trading		Total		Entertainment media		Leisure and entertainment events		Telecommunication		Total		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**2,549**	2,366	**90,500**	1,439	**93,049**	3,805	**-**	2,759	**-**	–	**-**	–	**-**	2,759	**93,049**	6,564
Inter-segment revenue	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–
Reportable segment revenue	**2,549**	2,366	**90,500**	1,439	**93,049**	3,805	**-**	2,759	**-**	–	**-**	–	**-**	2,759	**93,049**	6,564
Reportable segment profit/(loss)	**2,078**	1,839	**6,651**	135	**8,729**	1,974	**(453)**	(4,190)	**-**	(212)	**(3)**	(1)	**(456)**	(4,403)	**8,273**	(2,429)
Reportable segment assets	**133,662**	119,268	**49,444**	19,492	**183,106**	138,760	**840**	675	**-**	–	**-**	4	**840**	679	**183,946**	139,439

(b) Reconciliation of reportable segment profit or loss and assets

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit/(loss) before taxation (include continuing and discontinued operations)		
Reportable segment profit/(loss)	**8,273**	(2,429)
Segment loss from discontinued operations	**456**	4,403
Other income and net gains or losses	**280**	220
Unallocated corporate expenses	**(13,136)**	(12,677)
Write-back of allowance/(allowance) for doubtful debts on trade and other receivables	**32**	(306)
Fair value gains on investment properties	**14,000**	–
Loss on disposal of subsidiaries	**(365)**	–
Finance costs	**(1,676)**	(2,896)
Consolidated profit/(loss) before taxation from continuing operations	**7,864**	(13,685)

	As at	
	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**183,946**	139,439
Unallocated bank balances and cash	**219,762**	245,950
Unallocated corporate assets	**5,280**	3,401
Consolidated total assets	**408,988**	388,790

(c) Geographic information

An analysis of the Group's revenue from external customers in its continuing operations by geographic location is as follows:

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**11,767**	2,366
Mainland China	**81,282**	1,439
	93,049	3,805

3. PROFIT/(LOSS) BEFORE TAXATION

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
This is arrived at after charging/crediting:		
Crediting:		
Interest income	**265**	118
Charging:		
Staff costs (including directors' remuneration)	**5,303**	4,710
Loss on disposal of property, plant and equipment	**20**	–
Depreciation of property, plant and equipment	**234**	234

4. FINANCE COSTS

		For the six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Imputed interest on convertible bonds		**970**	2,153
Interests on:			
Borrowings wholly repayable within five years		**706**	743
		1,676	2,896
Attributable to continuing operations reported in the unaudited condensed consolidated income statement		**1,535**	2,724
Attributable to discontinued operations	6	**141**	172
		1,676	2,896

The analysis shows the finance costs of bank borrowings in accordance with the agreed scheduled repayments dates set out in the loan agreements. All term loans which contain a repayment on demand clause in the loan agreements are reclassified as "wholly repayable within five years" in this analysis. For the periods ended 30 June 2011 and 2010, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$706,000 and HK$740,000 respectively.

5. TAXATION

Taxation charged/(credited) in the unaudited condensed consolidated income statement represents:

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current taxation – Hong Kong profits tax for the period	**222**	–
Current taxation – overseas		
Overprovision in respect of prior years	**–**	(23)
	222	(23)

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the period. No provision for Hong Kong profits tax had been made for the prior period as the Group had no assessable profits arising in Hong Kong in the period ended 30 June 2010. Taxation for overseas subsidiaries had been calculated on the estimated assessable profits for the period ended 30 June 2010 at the appropriate current rates of taxation ruling in the countries in which the Company's subsidiaries operate.

6. DISCONTINUED OPERATIONS

During the year ended 31 December 2010, the Group ceased its operations in entertainment media business, telecommunication business and leisure and entertainment events business (collectively referred to as the "Discontinued Operations"). On 20 December 2010, the Group decided not to continue to finance its entertainment media business and telecommunication business. Further details are set out in the Company's announcement dated 20 December 2010. Further, the Group did not hold any leisure and entertainment event during the year ended 31 December 2010. As at 31 December 2010, the Discontinued Operations ceased and accordingly these three segments were classified as discontinued operations in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The sales and results of the Discontinued Operations were as follows:

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Turnover *(Note 2)*	**–**	2,759
Cost of sales and services	**–**	(903)
Gross profit	**–**	1,856
Administrative expenses and other net operating expenses	**(456)**	(6,255)
Finance costs *(Note 4)*	**(141)**	(172)
Write-back of allowance for doubtful debts on trade and other receivables	**34**	14
Loss before taxation	**(563)**	(4,557)
Taxation	**–**	–
Loss for the period from the Discontinued Operations	**(563)**	(4,557)

For the purpose of presenting the Discontinued Operations, the comparative unaudited condensed consolidated income statement and the related notes have been re-represented as if the operations discontinued during the six months ended 30 June 2010 had been discontinued at the beginning of the comparative period.

7. PROFIT/(LOSS) PER SHARE

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

From continuing and discontinued operations

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic profit/(loss) per share	**7,130**	(17,459)

	Number of shares	
	2011	2010
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	**9,394,630,212**	8,758,380,212

From continuing operations

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) for the period for the purpose of basic profit/(loss) per share from continuing operations	**7,642**	(13,662)

As convertible bonds, share options and warrants, where applicable, outstanding during the periods had an anti-dilutive effect on the basic profit/(loss) per share for both periods, the conversion of the above potential dilutive shares is not assumed in the computation of diluted profit/(loss) per share. Therefore the basic and diluted profit/(losses) per share for (i) continuing and discontinued operations; and (ii) continuing operations in the respective periods are equal.

From discontinued operations

Basic losses per share for the discontinued operations is HK cent 0.005 (2010: HK cent 0.043 (restated)) per share, based on the loss for the period from the discontinued operations of HK$563,000 (2010:HK$4,557,000 (restated)) attributable to owners of the Company and the denominators detailed above for both basic and diluted losses per share.

As convertible bonds, share options and warrants, where applicable, outstanding during the periods had an anti-dilutive effect on the basic loss per share for both periods, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted losses per share for the discontinued operations in the respective periods are equal.

8. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
As at 1 January 2011	118,000
Fair value gains	14,000
As at 30 June 2011	132,000

Investment properties were valued at 30 June 2011 by DTZ Debenham Tie Leung Limited, an independent firm of professionally qualified valuers, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and category of properties being valued, on an open market value basis. This valuation gave rise to fair value gains of HK$14,000,000 (2010: no fair value change).

The property rental income earned by the Group from its investment properties, most of which are leased out under operating leases, amounted to HK$2,549,000 (2010: HK$2,366,000). Direct operating expenses arising on the investment properties in the year amounted to HK$418,000 (2010: HK$451,000).

The Group's investment properties were located in Hong Kong, held under medium term leases, and pledged to secure banking facilities granted to the Group.

9. INTANGIBLE ASSETS

	Cable use rights *HK$'000*
COST	
As at 1 January 2011	3,627
Dissolution of a subsidiary	(3,627)
As at 30 June 2011	–
ACCUMULATED AMORTISATION	
As at 1 January 2011	3,627
Dissolution of a subsidiary	(3,627)
As at 30 June 2011	–
NET CARRYING AMOUNT	
As at 30 June 2011	–
As at 31 December 2010	–

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group normally allows an average credit period of 30 to 90 days to trade customers. The ageing analysis of trade receivables, net of allowance for doubtful debts, based on the due date, was as follows:

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Trade receivables		
Current	**26,426**	4,931
31 to 60 days	**6,483**	20
61 to 90 days	**10**	19
Over 90 days	**28**	17
	32,947	4,987
Other receivables and prepayments	**4,891**	3,464
	37,838	8,451

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The ageing analysis of trade payables was as follows:

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Trade payables		
Current	**12,099**	151
31 to 60 days	**1,622**	126
61 to 90 days	**93**	129
Over 90 days	**2,000**	1,316
	15,814	1,722
Other payables and accruals	**3,471**	4,389
	19,285	6,111

12. SHARE CAPITAL

	Number of ordinary shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 December 2010 and 30 June 2011	75,000,000,000	750,000
Issued and fully paid:		
As at 31 December 2010 and 1 January 2011	8,882,685,768	88,827
Issue of shares upon conversion of convertible bonds	950,000,000	9,500
As at 30 June 2011	9,832,685,768	98,327

13. RELATED PARTY TRANSACTION

During the six months ended 30 June 2011, the Group had the following material related party transaction:

The Company incurred interest expenses for the subscription bonds issued to Wise Sun Holdings Limited, a substantial shareholder of the Company, of HK$970,000 for the current period (2010: HK$1,905,000).

14. CAPITAL COMMITMENT

The Group did not have any significant capital commitment as at 30 June 2011 and 31 December 2010.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

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

BUSINESS REVIEW

For the Review Period, the Group reported an unaudited consolidated turnover (including both continuing and discontinued operations) of HK$93,049,000 (2010: HK$6,564,000), representing an increase of 1,318%. The turnover from the continuing operations of the Group for the Review Period was HK$93,049,000 (2010: HK$3,805,000), representing an increase of 2,345%. The Group reported a gross profit from continuing operations of HK$8,739,000 (2010: HK$2,026,000) under the Review Period. The increase in turnover and gross profit was due to the substantial expansion of Trading Segment. The Group also reported a net profit after taxation from continuing and discontinued operations for the Review Period amounted to HK$7,079,000 (2010: Loss of HK$18,219,000). The reasons for the turnaround were due to the fair value gains from investment properties, substantial expansion of Trading Segment and reduction of finance cost. The total assets of the Group amounted to HK$408,988,000 as at 30 June 2011 (at 31 December 2010: HK$388,790,000).

Property Investment Segment

During the Review Period, the Property Investment Segment recorded a turnover of HK$2,549,000 (2010: HK$2,366,000), representing a increase of 8% compared to the last corresponding period. The profit of this Segment increased by 13% to HK$2,078,000 (2010: HK$1,839,000), as a result of the higher rental rates and occupancy rate. The turnover of this Segment represented 3% of the Group's overall turnover during the Review Period.

As at 30 June 2011, all shops and majority of the car parks of the properties situated at Citicorp Centre in Hong Kong were leased out. The rental income from this Segment remained steady during the Review Period.

Trading Segment

The Group has continued its effort in developing the Trading Segment during the Review Period. During the Review Period, the business of this Segment covered the trading of metal scraps and Chinese tea. This Segment reported a turnover of HK$90,500,000 (2010: HK$1,439,000), a 6,189% growth compared to the first half of 2010. The profit of this Segment also increased to HK$6,651,000 (2010: HK$135,000) during the Review Period, reflecting a significant growth of 4,827% compared to the last corresponding period.

The Group would continue to identify and explore suitable opportunities for the Trading Segment in light of the regional and global economic development.

CAPITAL

In March 2011, a holder of the convertible bonds of the Company in the principal amount of HK$38,000,000 had exercised its rights and converted the aforesaid convertible bonds into 950,000,000 shares of the Company. Details of the conversion were disclosed in the Next Day Disclosure Return of the Company dated 25 March 2011.

As at 30 June 2011, the total number of issued shares of the Company was 9,832,685,768 shares and there was no outstanding convertible bond.

POSSIBLE ACQUISITIONS

On 3 April 2011, the Company executed an agreement (the "Framework Agreement") with Guangxi Non-ferrous Metals Group Company Limited and Guangxi Sincerity Investments & Trading Company Limited (the "Guangxi Parties") in respect of possible acquisitions of certain companies which hold mines in South Africa and Cambodia (the "Possible Acquisitions"). Pursuant to the Framework Agreement, the parties agreed to use reasonable endeavours to complete their respective further due diligence in respect of the transactions contemplated under the Possible Acquisitions on an exclusive basis within one year of the date of the Framework Agreement. Subject to such due diligence, the parties may enter into a legally binding sale and purchase agreement (the "Formal Agreement"). Subject to the entering into of the Formal Agreement, the transactions as currently contemplated in the Framework Agreement may constitute a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules, on the basis that such transactions may constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and may at the same time involve an acquisition of assets from the Guangxi Parties within 24 months of the Guangxi Parties and parties acting in concert with any of them gaining control of the Company. Accordingly, under Rule 14.54 of the Listing Rules, the Company may be treated as if it were a new listing applicant.

Details of the Possible Acquisitions were disclosed in the announcement of the Company dated 11 April 2011 and the subsequent announcements dated 11 May 2011, 10 June 2011, 11 July 2011 and 11 August 2011 respectively.

LIQUIDITY, FINANCIAL RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO

The Group has diverse sources of financing, including internal funds generated from the Group's business operations, general banking facilities on secured basis, non-bank loans on unsecured basis and non-regular contributions (such as placement of shares or issuance of convertible bonds or financing by shareholder's loans) from the shareholders and other potential investors. The Group continues to adopt conservative funding and treasury policies.

The Group has banking facilities in forms of mortgage loan and instalment loans. These banking facilities were secured by the Group's investment properties with aggregate net book value of HK$132 million. In addition, the Company and certain subsidiaries provided a bank of cross guarantees totalling HK$55 million in respect of these banking facilities to be used by the Company and these subsidiaries.

In addition to the banking facilities mentioned above, an indirectly-owned subsidiary of the Group, among the Entertainment Media Segment which was discontinued in end of December 2010, had obtained a banking facility amounted to HK$6 million from a bank in Hong Kong in 2009 which consisted of a 5-year instalment loan. This facility was granted under the Special Loan Guarantee Scheme of The Government of the Hong Kong Special Administrative Region (the "Government") pursuant to which, the Government had provided 80% guarantee to the bank. A corporate guarantee was provided to the bank by an intermediate subsidiary of the Company which held the aforesaid indirectly-owned subsidiary. On 20 December 2010, the Company announced that it would not provide further financial assistance to Entertainment Media Segment. As a result, operation of the aforesaid subsidiary has been discontinued since end of December 2010.

As at 30 June 2011, the Group had banking facilities totally amounted to approximately HK$54 million. All bank loans were at floating interest rates. All the borrowings were denominated in Hong Kong dollars. According to the Hong Kong Interpretation 5 issued by the Hong Kong Institute of Certified Public Accountant in November 2010, all bank loans even with the agreed scheduled repayments dates that longer than 12 months from the period-end date should be classified as "current liabilities" if there was a "repayment on demand clause" in the banking facilities. According to this interpretation, all bank loans of the Group were classified as "current liabilities" as at 30 June 2011 and the respective figures for the last financial year were also reclassified under the same interpretation. According to the agreed scheduled repayments dates, the maturity profile of the Group's bank borrowings as at 30 June 2011 was spread over a period of 12 years, with approximately 14% repayable within one year, 21% repayable between two to five years and 65% repayable over five years. The cash and bank balances as at 30 June 2011 was approximately HK$230 million.

In August 2011, the Group early repaid the aforesaid mortgage loan and instalment loans in the principal amount of approximately HK$48 million. After the early repayment, the cross guarantees provided by the Company and certain subsidiaries and the pledges of Group's investment properties related to the aforesaid mortgage loan and instalment loans will be released.

The Group's current assets were approximately HK$276 million while the current liabilities were approximately HK$73 million as at 30 June 2011. As at 30 June 2011, the Group's current ratio was 3.8 (at 31 December 2010: 2.8).

As at 30 June 2011, the Group's gearing ratio, representing the Group's bank loans, non-bank loans and convertible bonds (if any) divided by the equity attributable to owners of the Company was 16% (at 31 December 2010: 31%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities were denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB") and United States dollars ("USD"). The exchange rates of USD against HKD remained relatively stable during the Review Period. Certain expenses of the Group incurred in RMB which had fluctuated in a relatively greater extent in the Review Period. However, the amount of RMB expenses incurred were immaterial, the appreciation of RMB against HKD did not have material adverse effect on the operation of the Group for the Review Period.

At present the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations involving RMB. However, the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

CONTINGENT LIABILITIES

As at 30 June 2011, the Group did not have any material contingent liability.

EMPLOYEE OF THE GROUP

The Group has adopted competitive remuneration package for its employees according to their performance. There are also contributions to provident fund schemes, medical subsidies and examination leaves offered to all full-time staff and tax protection scheme may be offered to executive directors.

As at 30 June 2011, the total headcount of the Group was 21.

PROSPECT

In spite of various uncertainties and macroeconomic factors affecting the global economy, China's booming economy continued to grow and became the world's second-largest economy in the year of 2010.

The global growth in the year of 2011 is predicted to be slower due to the natural disasters and earthquakes in various countries and the political turmoil in the Middle-East and North Africa countries. However, the global growth of 2011 shall remain robust, especially the rapid pace of trade growth and import demand for the capital goods and consumer goods from the developing countries and the persistent strong demand in the global metal and mineral markets in various countries, of which China plays a vital and dominant role. The economy of Hong Kong will also be supported and benefitted from the constant growth in China's economy.

During the Review Period, the Group has achieved to expand and improve the performance of the existing Business Segments after re-allocation of resources and discontinuance of loss making businesses. Facing the second half year of 2011, the Group will continue to strive for stable growth of the existing trading and property investments businesses and to actively explore new potential business opportunities in order to achieve a more promising and prospective value to all valued shareholders and investors of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the Review Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the Review Period.

CORPORATE GOVERNANCE

During the six months ended 30 June 2011, the Company was in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules except for the following:

(a) The Chairman of the Board of the Company is not subject to retirement by rotation pursuant to Bye-law 87(1) of the Company's Bye-laws;

(b) There is no separation of the role of the Chairman and the Chief Executive Officer ("CEO"). Mr. Zhou Jian is the Chairman of the Company and the Company does not have any officer with the title of CEO. The roles and functions of CEO are performed by all the executive directors collectively in view of the current size of the Group. The Board will periodically review such arrangement and may adopt appropriate measures in future during the further development of the Group's businesses; and

(c) The independent non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and eligible for re-election at the annual general meeting pursuant to the Company's Bye-laws and the Code. The service contracts of all the independent non-executive directors have a termination notice requirement of one month.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code through the period under review.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal operation and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 with the directors.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.suninnovation.com. The 2011 interim report will be despatched to shareholders of the Company and published on the above websites in due course.

By Order of the Board
Zhou Jian
Chairman

Hong Kong, 23 August 2011

As at the date of this announcement, Mr. Zhou Jian and Mr. Fan Lei are the executive directors and Ms. Lau Cheong, Mr. Duan Xiongfei and Mr. Tam Tak Kei Raymond are the independent non-executive directors.