



# Pan Sino

International Holding Limited

環新國際有限公司\*

(incorporated in the Cayman Islands with limited liability)

Stock Code:502

## HIGHLIGHTS

- Turnover for the three months ended 31st March 2006, amounted to approximately HK\$110.86 million, representing an increase of approximately 3.66% compared to HK\$106.94 million in the corresponding period of 2005.
- Sales volume for the three months ended 31st March 2006 increased by approximately 8.92% into 9,585 tonnes compared to 8,800 tonnes in the corresponding period 2005.
- Net profit from operations decreased 6.55% compared to the corresponding period in 2005 to approximately HK\$23.62 million for the three months ended 31st March 2006.
- Basic earnings per share was approximately HK1.85 cents.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31st March 2006.
- Profit attributable to shareholders for the three months ended 31st March 2006 was approximately HK\$17.73 million representing an increase of approximately 2.87% compared to HK\$17.23 million in the corresponding period 2005.

## QUARTERLY RESULTS

### For the three months ended 31st March 2006 (Unaudited)

The Directors (the “Directors”) of Pan Sino International Holding Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31st March 2006 together with the comparative unaudited figures for the corresponding period in 2005, as follows:

		<b>(Unaudited)</b>	
		<b>three months ended</b>	
		<b>31st March</b>	
	<i>Notes</i>	<b>2006</b>	2005
		<b>HK\$'000</b>	<i>HK\$'000</i>
TURNOVER	3	<b>110,855</b>	106,938
COST OF SALES		<b>(86,865)</b>	(82,035)
GROSS PROFIT		<b>23,990</b>	24,903
INTEREST INCOME		<b>7,329</b>	1,514
SELLING AND DISTRIBUTION EXPENSES		<b>(825)</b>	(417)
GENERAL AND ADMINISTRATION EXPENSES		<b>(1,337)</b>	(1,024)
NET EXCHANGE LOSS		<b>(5,534)</b>	304
PROFIT FROM OPERATIONS		<b>23,623</b>	25,280
FINANCE COST		<b>0</b>	0
PROFIT BEFORE TAXATION	4	<b>23,623</b>	25,280
TAXATION	5	<b>(4,990)</b>	(7,151)
PROFIT AFTER TAXATION		<b>18,633</b>	18,129
MINORITY INTEREST		<b>(904)</b>	(895)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	6	<b>17,729</b>	17,234
EARNINGS PER SHARE			
BASIC (CENTS)	7a	<b>1.85</b>	2.15
DILUTED (CENTS)	7b	<b>1.75</b>	2.02

Notes:

### 1. Group Reorganisation

The Company was incorporated in the Cayman Islands on 16th October 2002 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the 2005 Annual Report.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 23rd June 2003. The shares of the Company were listed on GEM on 2nd December 2003. On 1st March 2006, the Company withdrew the listing of its shares on GEM, and on the same date, the Company by way of introduction, listed its entire share capital on the Main Board ("Main Board") of the Stock Exchange of Hong Kong Limited.

### 2. Accounting Policies

The accounting policies adopted for the preparation of these unaudited consolidated results of the Group are consistent with those adopted by the Group in the preparation of annual audited financial statements for the year ended 31st December 2005.

### 3. Turnover and Revenue

The Group's principal activity is the trading of cocoa beans. Turnover represents the invoiced value of goods sold during the three months ended 31st March 2006.

### 4. Profit Before Taxation

	<b>(Unaudited)</b>	
	<b>three months ended</b>	
	<b>31st March</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Profit before taxation is arrived at after charging:		
Cost of inventories sold	<b>86,865</b>	82,035
Depreciation	-	-
Directors' remuneration	<b>159</b>	113
Other staff costs	<b>478</b>	276
Minimum lease payments in respect of land and buildings	<b>144</b>	129
	<b><u>          </u></b>	<b><u>          </u></b>

## 5. Taxation

(a) Taxation in the consolidated income statement represents:

	<b>(Unaudited)</b>	
	<b>three months ended</b>	
	<b>31st March</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	<i>HK\$'000</i>
Income tax expense		
Indonesia:		
Current tax	<b>4,990</b>	7,151
Deferred tax	<u>–</u>	<u>–</u>
	<b><u>4,990</u></b>	<b><u>7,151</u></b>

During the three months ended 31st March 2006, all of the Group's profits were derived from PT. Nataki Bamasa, incorporated and operated in the Republic of Indonesia. No provision for Hong Kong profits tax has been made in these financial statements, as the Group has no assessable profits for the period. Provision for Indonesian corporate income tax for the current period is based on the following progressive tax rates:

<b>Taxable income</b>	<b>Rate</b>
<b>Indonesia Rupiahs (IDR)</b>	%
On the first 50,000,000	10
On the next 50,000,000	15
Over 100,000,000	30

The tax charge for the three months ended 31st March 2006 can be reconciled to the profit per the income statement as follows:

	<b>(Unaudited)</b>	
	<b>three months ended</b>	
	<b>31st March</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	<i>HK\$'000</i>
Profit before taxation	<b><u>23,623</u></b>	<u>25,280</u>
Taxation at the Indonesian progressive income tax rates	<b>6,923</b>	7,565
Tax effect of expenses that are not deductible in determining taxable profit	–	3
Tax effect of income that is not assessable in determining taxable profit	<b><u>(1,933)</u></b>	<u>(417)</u>
Income tax expense	<b><u>4,990</u></b>	<b><u>7,151</u></b>

## 6. Profit Attributable to Shareholders

Profit attributable to shareholders of the Group for the three months ended 31st March 2006 was approximately HK\$17.73 million.

## 7. Earnings per Share

- a. The calculation of the basic earnings per share is based on the Group's profit attributable to shareholders for the three months ended 31st March 2006 of HK\$17,729,000 (31st March 2005: HK\$17,234,000) and 960,000,000 (31st March 2005: 800,000,000) shares in issue during the period.
- b. The calculation of the diluted earnings per share is based on the Group's profit attributable to shareholders for the three months ended 31st March 2006 of HK\$17,729,000 (31st March 2005: HK\$17,234,000) and 1,014,564,103 (31st March 2005: 853,704,918) shares in issue during the period.

## MOVEMENT OF RESERVES

	Share Premium <i>HK\$'000</i>	Revenue reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 1st January 2005</b>	86,800	123,448	83,232	(3,585)	289,895
Profit for the three months ended 31st March 2005	–	17,234	–	–	17,234
Exchange differences on translation of financial statement of overseas subsidiaries for the three months ended 31st March 2005	–	–	–	(9,493)	(9,493)
<b>As at 31st March 2005</b>	<u>86,800</u>	<u>140,682</u>	<u>83,232</u>	<u>(13,078)</u>	<u>297,636</u>
<b>As at 1st January 2006</b>	133,200	219,123	83,232	(16,633)	418,922
Profit for the three month ended 31st March 2006	–	17,729	–	–	17,729
Exchange differences on translation of financial statement of overseas subsidiaries for the three months ended 31st March 2006	–	–	–	26,085	26,085
As at 31st March 2006	<u>133,200</u>	<u>236,852</u>	<u>83,232</u>	<u>9,452</u>	<u>462,736</u>

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of any dividend for the three months ended 31st March 2006 (2005: Nil).

## **BUSINESS REVIEW**

### **Migration to The Main Board of The Stock Exchange of Hong Kong Limited and Continuing Obligations**

The Group was successfully listed on The Main Board of The Stock Exchange of Hong Kong Limited on 1st March 2006. Prior to this, the Group was listed on the GEM of The Stock Exchange of Hong Kong Limited since 2nd December 2003.

The Listing Rules in the Main Board of The Stock Exchange of Hong Kong Limited does not require the publication of quarterly results announcements and reports. However, the Company is adhering to its intention as indicated in the Listing Document to continue to publish and send quarterly reports to its shareholders on a voluntary basis.

### **Relationship with Customers**

With the renewal of the Sales Agreements with three of its five existing customers, the Group has secured an annual aggregate minimum amount of 34,000 tonnes of cocoa beans for a further term of three years from October 2005 to October 2008. While the other two existing customers, namely Orebi and Theobroma, continued to maintain their respective strict internal policies that do not allow them to sign any long-term purchase agreements with any external parties.

Pursuant to the Sales Agreements, the price of each purchase is determined by mutual agreement between the Group and the respective customer with reference to, amongst other things, the prices of the cocoa beans quoted on the NYCSCE. Each customer is required to purchase the minimum amount stated in its respective Sales Agreement insofar as the Group can reasonably supply such amounts.

## **BUSINESS PROSPECT**

The Group has established itself as a major exporter of cocoa beans in terms of trading volume in Indonesia and is looking at the growth of demand for cocoa beans in the International market, The Directors believe that the Group will be able to maintain its competitive edge.

Indonesia is currently the third largest cocoa beans producing country in the world after Cote D'Ivoire and Ghana. With land area of approximately 1.05 million hectares of cocoa beans plantation mostly owned by small farm holders, the country has a great opportunity to be the major cocoa producing country in the world.

The slow trend in turnover in the first quarter of 2006 from 2005 was due to the decrease of cocoa beans price quoted on The Coffee, Sugar and Cocoa Exchange of New York for the three months ended 31st March 2006 in average of approximately US\$1,472 per tonne compared to US\$1,621 per tonne in the corresponding period in 2005.

The strength of IDR against USD also affected the margin of the Company for the three months ended 31st March 2006. The Group's customers generally place their purchase orders in USD approximately two months before the designated shipment time. Payment from the customers are received approximately one month after the goods are shipped.

However, the turnover is expected to be on the increase as the main crop starts after April and continues through to September each year.

In terms of volume, the Company's sales increased from 8,800 tonnes for the three months ended 31st March 2005 to 9,585 tonnes for the three months ended 31st March 2006, representing an increase of approximately 8.92%.

Net profit from operations in the first quarter of 2006 increased by approximately 2.87% compared to the corresponding period in 2005 of approximately HK\$17.23 million.

## **SHARE OPTIONS**

Pursuant to the written resolutions of the shareholders of the Company dated 20th November 2003, two share option schemes namely, the Pre-IPO Share Option Scheme and the Old Option Scheme were adopted by the Company. No share options have been granted by the Company under the Old Option Scheme.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 17th February 2006, the Company adopted a New Option Scheme and terminated the Old Option Scheme due to the withdrawal of the listing of the shares of the Company on GEM and commencement of dealings of the shares of the Company on the Main Board. The adoption of the New Option Scheme and the termination of the Old Option Scheme took effect from 1st March 2006 (listing date of the shares of the Company on the Main Board).

### **(A) New Option Scheme**

As at 31st March 2006, no option under the New Share Option Scheme has been granted or agree to be granted.

### **(B) Pre-IPO Share Option Scheme**

As at 31st March 2006, options to subscribe for 56,000,000 shares in aggregate representing 5.83% of the issued share capital of the Company have been granted to a total of 4 Directors and employees of the Group.



A summary of the share options granted on 20th November 2003 under the Pre-IPO Share Option Scheme is as follows:

Grantees	Vesting period	Exercisable period	Exercise price	Number of share options outstanding as at 1.1.2006	Number of share options granted/ exercised/ lapsed/ cancelled during the period	Number of share options outstanding as at 31.3.2006
Executive Directors						
Mr. Johanas Herkiamto	Fully vested on 2nd December 2004	2nd December 2004 to 19th November 2013	HK\$0.01	16,000,000	-	16,000,000
Mr. Rudi Zulfian	Fully vested on 2nd December 2004	2nd December 2004 to 19th November 2013	HK\$0.01	16,000,000	-	16,000,000
Employees in aggregate	Fully vested on 2nd December 2004	2nd December 2004 to 19th November 2013	HK\$0.01	24,000,000	-	24,000,000
				56,000,000	-	56,000,000

#### **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

Save as disclosed below, as at 31st March 2006, none of the Directors and Chief Executives had 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 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 otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

##### **Long position in shares of the Company**

Name of director	interest	Nature of Capacity	Number of shares	Percentage of shareholding
Mr. Harmiono Judianto	Personal	Beneficial Owner	456,400,000	47.54%

**Long position in underlying shares of the Company (under physically settled equity derivatives)**

<b>Name of director</b>	<b>Nature of interest</b>	<b>Capacity</b>	<b>Number of underlying shares in respect of the share options granted</b>	<b>Percentage of the underlying shares over the issued share capital of the Company</b>
Mr. Johanas Herkiamto	Personal	Beneficial owner	16,000,000	1.67%
Mr. Rudi Zulfian	Personal	Beneficial owner	16,000,000	1.67%

*Note:* The share options were granted under the Pre-IPO Share Option Scheme. Such share options were unlisted and physically settled equity derivatives. Details of such share options are set out in the paragraphs headed "Share Options" above.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" and "Share Options" above, at no time during the three months ended 31st March 2006 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

Save as disclosed above, as at 31st March 2006, no other person (other than a Director or Chief Executive of the Company) has an interest or short position in the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

**MANAGEMENT SHAREHOLDERS' INTERESTS**

Save as disclosed under the paragraphs headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholders and Other Persons' Interests and Short Positions in Shares and Underlying Shares" above, as at 31st March 2006, no other person was able, as a practical matter, to direct or influence the management of the Company.

**COMPETING INTERESTS**

None of the Directors, the substantial shareholder or the management shareholders had any interests in any business, which competed with or might compete with the business of the Group.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The Group had five major customers during the year and sales to the largest customer included therein amounted to approximately 29%. During the period, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers during the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31st March 2006.

## **COMPLIANCE ADVISER'S INTERESTS**

As updated and notified by the Company's compliance adviser, First Asia Finance Group Limited ("First Asia"), as at 31st March 2006, neither First Asia nor any of its Directors, employees or associates had any interests in the shares of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the shares of the Company or any member of the Group.

Pursuant to the compliance adviser agreement dated 30th December 2005, entered with the Company, First Asia received and will receive fees for acting as the Company's compliance adviser for the period commencing on the date of listing of the shares on the Main Board and ending on the date which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial result for the first full financial year after the date of listing.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee of the Company comprising four independent non-executive Directors, namely Mr. Gandhi Prawira (Chairman of the audit committee), Ms. Novayanti, Ms. Goh Hwee Chow, Jacqueline and Ms. Wang Poey Foon, Angela has reviewed the unaudited figures for the first quarterly report and accounts for the three months ended 31st March 2006 prior to recommending such accounts to the Board of Directors for approval.

## **USE OF PROCEEDS FROM THE PLACING IN DECEMBER 2003 AND FROM PRE-MIGRATION PLACING WITH ACTUAL APPLICATION**

The Company raised net proceeds of approximately HK\$94.8 million from its initial public offering in December 2003 and approximately HK\$47.8 million from Pre-Migration Placing in April 2005.

Set out below is the comparison of the Group's actual use of proceeds for the period since its listing on GEM in December 2003 and up to 31st March 2006, and its intended use of proceeds as stated in the Listing Document dated 27th January 2006 (the "Listing Document"):

<b>Intended uses of proceeds stated in the Listing Document</b>	<b>Intended uses of Proceeds from Initial Public Offering in December 2003</b> <i>HK\$'000</i>	<b>Intended use of proceeds from Pre-Migration Placing</b> <i>HK\$'000</i>	<b>Actual Application of the proceeds up to 31st March 2006</b> <i>HK\$'000</i>
- Expand into other cocoa-related business	62,700	47,800	225
- Increase the Group's warehouse capacity	27,600	-	-
- Expand the Group's trading business via marketing activities	600	-	150
- Remaining proceeds appropriated for working capital	3,900	-	-
	<u>94,800</u>	<u>47,800</u>	<u>375</u>
<b>Net fund raised/used</b>	<b><u>94,800</u></b>	<b><u>47,800</u></b>	<b><u>375</u></b>

The Board, after due consideration, decided to reserve the entire amount of the net proceeds from the Pre-Migration Placing for the general working capital of the Company's cocoa processing operations development. The unused proceeds are now being placed on interest-bearing deposits with licensed banks in Indonesia.

## **NEW APPOINTMENTS**

The Group is pleased to announce two new appointments made up to the date of this report.

Ms. Wang Poey Foon, Angela, appointed as an independent non-executive director with effect from 6th January 2006. Ms. Wang brings her wealth of knowledge and experience in her profession and positions held with other companies listed on the Main Board to the benefit of the Group. Relevant details of Ms. Wang have been disclosed in accordance with the Listing Rules.

Ms. Roseline Marjuki, appointed as an executive director of the Company with effect from 21st April 2006. Ms. Marjuki is currently responsible for overseeing the daily operations and general administration matters of the Group. Relevant details of Ms. Marjuki have been disclosed in accordance with the Listing Rules.

The Board extends its heartiest congratulations and warmest wishes to Ms. Wang and Ms. Marjuki for a long and rewarding working relationship with the Group.

## **DIRECTORS**

The Executive Directors of the Company as at the date of this report are Mr. Harmiono Judianto, Mr. Johanas Herkiamto, Mr. Rudi Zulfian and Ms. Roseline Marjuki and the Independent non-executive Directors of the Company as at the date of this report are Ms. Novayanti, Mr. Gandhi Prawira, Ms. Goh Hwee Chow, Jacqueline and Ms. Wang Poey Foon, Angela.

On behalf of the Board  
**Mr. Harmiono Judianto**  
*Chairman*

Jakarta, Indonesia, 17th May 2006