

PAN SINO

International Holding Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code:502

環新國際有限公司*

Interim Report
2007

* For identification purposes only

HIGHLIGHTS

- Turnover for the six months ended 30th June, 2007 amounted to approximately HK\$291.05 million, an increase of approximately 6.53% over the turnover for the corresponding period in 2006.
- Sales volume for the six months ended 30th June, 2007 increased by approximately 3.37% to 25,249 tonnes compared with the corresponding period in 2006.
- Profit from operations for the six months ended 30th June, 2007 decreased by 47.16% compared with the corresponding period in 2006 to approximately HK\$34.92 million.
- Basic earnings per share for the six months ended 30th June, 2007 was approximately HK2.42 cents.
- The Directors do not recommend payment of any interim dividend for the six months ended 30th June, 2007.
- Profit attributable to shareholders for the six months ended 30th June, 2007 was approximately HK\$23.22 million representing a decrease of approximately 50.87% compared with the corresponding period 2006.

The board of directors (the “Board”) is pleased to announce the unaudited consolidated results of the Group for the six months and three months ended 30th June, 2007 together with comparative unaudited figures for the corresponding periods in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

		(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		30th June,		30th June,	
		2007	2006	2007	2006
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	138,794	162,345	291,047	273,200
Cost of sales		(110,570)	(124,149)	(243,863)	(211,014)
Gross profit		28,224	38,196	47,184	62,186
Interest income		4,823	7,692	7,048	15,021
Selling and distribution expenses		(1,495)	(1,159)	(2,769)	(1,984)
General and administration expenses		(1,580)	(3,774)	(14,775)	(5,111)
Net exchange gain/loss		(450)	1,508	(1,768)	(4,026)
Profit before taxation	3	29,522	42,463	34,920	66,086
Taxation	4	(8,857)	(11,272)	(10,476)	(16,262)
Profit after taxation		20,665	31,191	24,444	49,824
Minority interest		(1,033)	(1,657)	(1,222)	(2,561)
Profit attributable to shareholders	5	19,632	29,534	23,222	47,263
Earnings per share					
Basic (HK cents)	6a	2.05	3.08	2.42	4.92
Diluted (HK cents)	6b	1.93	3.46	2.31	4.66

CONSOLIDATED BALANCE SHEET

	(Unaudited) As at 30th June 2007 HK\$'000	(Audited) As at 31st December 2006 HK\$'000
ASSET		
Non-current Assets		
Fixed assets	75	75
Construction in progress	175,929	149,018
Deferred tax assets	282	281
Claim for income tax refund	3,334	—
Deposit guaranteed	150	—
Others	649	—
	<u>180,419</u>	<u>149,374</u>
Current Assets		
Inventories	5,370	8,334
Trade debtors	54,024	89,066
Goods and services tax received	2,955	—
Advances to suppliers	20,999	18,015
Deposits, prepayment and other receivable	21,754	3,896
Time deposit	319,160	311,958
Cash and bank balances	89,369	45,304
	<u>513,631</u>	<u>476,573</u>
Deduct:		
Current liabilities		
Taxes payable	16,383	5,259
Accrued expenses	28,668	9,230
Others current liabilities	10,803	—
	<u>55,854</u>	<u>14,489</u>
NET CURRENT ASSETS	<u>457,777</u>	<u>462,084</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
Non-current liability	638,196	611,458
Provision for post employment benefit	940	938
Net Assets	<u>637,256</u>	<u>610,520</u>
Representing:		
Share capital	9,600	9,600
Reserve	627,656	600,920
	<u>637,256</u>	<u>610,520</u>
Minority Interest	—	—
Shareholders' Funds	<u>637,256</u>	<u>610,520</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2007

	(Unaudited) For the six months ended 30th June, 2007 <i>HK\$'000</i>	(Unaudited) 2006 <i>HK\$'000</i>
Cash flow from operating activities		
Profit before taxation	34,919.65	66,086.00
Interest income	<u>(7,048.13)</u>	<u>(15,021.00)</u>
Operating profit before working capital changes	27,871.52	51,065.00
Decrease/(Increase) in inventories	11,690.00	(8,816.00)
(Increase)/Decrease in trade debtors	(1,828.00)	24,346.00
(Increase) in GST received	(2,955.00)	—
Decrease/(Increase) in advances to supplier	12,108.00	(15,810.00)
(Increase) in deposits, prepayments and others receivable	(17,403.00)	(2,851.00)
Increase in tax payable	16,377.47	—
Increase/(Decrease) in accrued expenses	38,337.00	(648.00)
Increase in others current liabilities	803.00	—
Increase in non current liabilities	<u>341.00</u>	<u>—</u>
Cash from operations	85,341.99	47,286.00
Interest received	7,048.13	15,021.00
Tax paid	<u>(10,475.90)</u>	<u>(35,145.00)</u>
Net cash from operating activities	81,914.22	27,162.00
Cash flow from investing activities		
Addition of assets	<u>(176,003.00)</u>	<u>—</u>
Net cash from investing activities	(176,003.00)	—
Cash flow from financing activities		
Capital expenditure	102,957.33	—
(Increase) Deferred tax assets	(102.40)	—
(Increase) Claim for income tax refund	(3,334.00)	—
(Increase) Deposit guaranteed	(150.00)	—
(Increase) Others non current assets	<u>(649.40)</u>	<u>—</u>
Net cash from financing activities	<u>98,721.53</u>	<u>—</u>

	(Unaudited) For the six months ended 30th June, 2007 <i>HK\$'000</i>	(Unaudited) 2006 <i>HK\$'000</i>
Net increase (decrease) in cash and cash equivalents	4,632.75	27,162.00
Cash and cash equivalents at beginning of the year	422,994.00	372,966.00
Effect of foreign exchange rate changes	<u>(19,097.75)</u>	<u>22,866.00</u>
Cash and cash equivalents at end of the year	<u>408,529.00</u>	<u>422,994.00</u>
Analysis of the Balances of cash and cash equivalents		
Time deposit	319,160.00	405,022.00
Cash and bank balances	<u>89,369.00</u>	<u>17,972.00</u>
	<u>408,529.00</u>	<u>422,994.00</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2007

	(Unaudited) For the six months ended 30th June, 2007 <i>HK\$'000</i>	(Unaudited) 2006 <i>HK\$'000</i>
At 1st January	610,520	444,700
Exchange differences on translations of financial statements of overseas subsidiary	3,514	17,390
Share placing	—	—
Dividend	—	—
Profit attributable to shareholders	<u>23,222</u>	<u>47,263</u>
	<u>637,256</u>	<u>509,353</u>

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention.

2. TURNOVER

The Group is principally engaged in the trading of cocoa beans. Turnover represents the invoiced value of goods sold during the year.

Turnover for the six months ended 30th June, 2007 amounted to approximately HK\$291.05 million, increased by approximately 6.53% compared to the corresponding period in 2006.

3. PROFIT BEFORE TAXATION

	(Unaudited) Six months ended 30th June, 2007 HK\$'000	(Unaudited) 2006 HK\$'000
Profit before taxation is arrived at after charging:		
Cost of inventories sold	243,863	211,014
Directors' remuneration	433	329
Other staff costs	645	964
Minimum lease payments in respect of land and buildings	1,670	263
	<u>1,670</u>	<u>263</u>

4. TAXATION

Taxation in the consolidated income statement represents:

	(Unaudited) Six months ended 30th June, 2007 HK\$'000	(Unaudited) 2006 HK\$'000
Income tax expenses		
Indonesia:		
Current tax	10,476	16,262
Deferred tax	—	—
	<u>10,476</u>	<u>16,262</u>

During the six months ended 30th June, 2007 all of the Group's profits were derived from P.T. Nataki Bamasa ("Nataki") 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:

Taxable income rate

	IDR	%
On the first	50,000,000	10
On the next	50,000,000	15
Over	100,000,000	30

The tax charge for the six months ended 30th June, 2007 can be reconciled to the profit per the income statement as follows:

	(Unaudited) Six months ended 30th June, 2007 HK\$'000	(Unaudited) 2006 HK\$'000
Profit before taxation	<u>34,920</u>	<u>66,086</u>
Taxation at the Indonesian progressive income tax rate	10,476	20,232
Tax effect of expenses that are not deductible in determining taxable profit	—	—
Tax effect of income that are not deductible in determining taxable profit	—	(3,970)
Tax effect of cumulative fiscal loss	<u>—</u>	<u>—</u>
Income tax expense		
— Current tax	10,476	16,262
— Deferred tax	<u>—</u>	<u>—</u>
	<u>10,476</u>	<u>16,262</u>

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders for the six months ended 30th June, 2007 is approximately HK\$23,222,000 (30th June, 2006: HK\$47,263,000).

6. EARNINGS PER SHARE

- (a) The calculation of the basic earnings per share is based on the Group's profit attributable to shareholders for the six months ended 30th June, 2007 of HK\$23,222,000 (30th June, 2006: HK\$47,263,000) and 960,000,000 (30th June, 2006: 960,000,000) 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 six months ended 30th June, 2007 of HK\$23,222,000 (30th June, 2006: HK\$47,263,000) and 1,005,774,763 (30th June, 2006: 1,014,564,103) shares in issue during the period.

7. TRADE DEBTORS

The Group generally allows credit period ranging from 30 to 60 days to its trade customers.

	(Unaudited) As at 30th June, 2007 HK\$'000	(Audited) 31st December, 2006 HK\$'000
Trade debtors	<u>54,024</u>	<u>89,066</u>

The aging analysis of the trade debtors were as follows:

	(Unaudited) As at 30th June, 2007 HK\$'000	(Audited) 31st December, 2006 HK\$'000
0-30 days	54,024	89,066
31-60 days	—	—
	<u>54,024</u>	<u>89,066</u>

MOVEMENT OF RESERVES

	Share premium <i>HK\$'000</i>	Revenue reserve <i>HK\$'000</i>	Reserve fund <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2006	133,200	219,123	16,178	83,232	(16,633)	435,100
Profit for the six months in 2006	—	47,263	—	—	—	47,263
Exchange differences on translation of financial statement of overseas subsidiaries	—	—	—	—	17,390	17,390
At 30th June, 2006	133,200	266,386	16,178	83,232	757	499,753
At 1st January, 2007	133,200	443,609	16,178	1,032	6,901	600,920
Profit for the six months in 2007	—	23,222	—	—	—	23,222
Exchange differences on translation of financial statement of overseas subsidiaries	—	—	—	—	3,514	3,514
At 30th June, 2007	133,200	466,831	16,178	1,032	10,415	627,656

INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30th June, 2007 (30th June, 2006 — Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30th June, 2007 the Group increased its sales by approximately 824 tonnes and is continuing its effort to expand its market-share.

The crop seasons for cocoa beans in Indonesia are (i) March to July, and (ii) September to December. The latter bearing better harvest. For the year of 2007, the harvest was slightly later due to heavy rain falls and flooding in certain areas. The trend in turnover during the second

quarters of 2007 and 2006 was therefore higher. The Company's sales volume has increased from 24,425 tonnes for the six months ended 30th June, 2006 to 25,249 tonnes for the six months ended 30th June, 2007, representing an increase of approximately 3.37%.

Relationship with Customers

The Group's primary business is the sourcing and sale of cocoa beans to its overseas customers. These activities are supported by the well integrated teams within our organisation.

The Group is committed to maintaining good and stable relationships with its existing overseas customers as they are established cocoa product suppliers in Europe who also source cocoa beans from all over the world.

Business Plan

The Company's prospectus set out details of the Group's business plans and proposed time periods for their implementation some of which the Group has had to reconsider due to economical and political situations and conditions in Indonesia. The revisions enabled the Company to remain viable.

It has been part of the Company's business plan for some time to establish its own cocoa processing facility; the intention to do so was stated in the Company's prospectus on its listing on GEM in 2003. Initially, the Company intended to establish a cocoa processing facility in Indonesia. During the course of 2006 it was decided that Singapore would be a better location to establish such a production facility. Construction of the Company's cocoa processing facility and warehouse has commenced with the foundations having been laid and above ground construction commenced. Construction work has temporarily halted as the main contractor sought to renegotiate the pricing of the project to take into account among other things, increased construction materials costs in Singapore. The Company is close to agreeing revised terms with the main contractor and is confident that work on the construction of the Company's cocoa processing plant and warehouse will resume early in 2008. Once completed and operational our cocoa processing facility in Singapore will mark a new milestone in the expansion of the Company into the cocoa business by enabling us to supply semi-processed cocoa ingredients to our customers which will supplement our cocoa beans trading business. This is an integral part of our overall strategy to further diversify our revenue base towards opportunities in the cocoa industry.

Relationship with Farmers

Sustainable cocoa agriculture is a collaborative effort among all those involved in cocoa farming, production and marketing. It is essential to conserve the tropical forest environment and to help small-scale farmers to develop farming techniques that will allow them to earn a rewarding living, thereby ensuring an adequate supply of consistent quality cocoa beans.

The Group distinguishes itself from other cocoa beans trading companies in the provision of (i) assistance to farmers on an informal basis in improving the yield and quality of their cocoa beans harvests through education and training sessions on topics such as improvements in farming, harvesting and after-harvesting work methods including fermentation and drying techniques; (ii) general information on the cocoa market, such as customers' forecast demand for cocoa beans and feedback on the quality of the cocoa beans supplied; and (iii) a 50% advance payment for the purchase of cocoa beans.

Future Prospects

The business and revenue of the Group is in line with the crop season of the cocoa beans in Indonesia where better growth is usually reported in the second quarter of each year. In this year, harvest was slightly later due to heavy rainfall which caused the Group's turnover for the second quarter in 2007 to be approximately HK\$138,794,000 which was approximately 8.8% lower than the Group's turnover for the first quarter of 2007 of approximately HK\$152,253,000.

There are basically three generic issues that arise in the context of primary commodities:

- the world market volatility,
- the up trend in commodity prices, and
- the relatively small share of primary producers in the chain of value added as a commodity moves and gets processed from the source of the raw product to the final consumer.

Such issues arise out of the way primary commodity markets are structured, function, and behave. At the core, lies the struggle to bring world supplies and demand into balance in the short as well as long-term.

Indonesia is currently the third largest producer of cocoa beans in the world and according to INCA, aims to be the largest producer by 2010.

Retirement Benefit Scheme

The Indonesian subsidiary of the Company, Nataki, is required to contribute to the Indonesia Government's statutory insurance and retirement fund ("Jamsostek Fund") 6.24% of the basic salary of its employees. Thereafter Nataki will have no further obligations for the actual pension payments or post-retirement benefits beyond the monthly contributions. The Jamsostek Fund is responsible for insurance claims relating to employee accidents during work and to the entire pension obligations of the retired employees.

In addition, the Manpower Law of the Republic of Indonesia No. 13 year 2003 stipulates that Nataki has an obligation to pay a certain amount as compensation to an employee if termination is effected. In connection with this matter the Group has made provisions in respect of such obligation.

Related Party Transactions

The Group did not enter into any material related party transactions during the period.

Commitments

As at 30th June, 2007, the Company had material commitments to the value of approximately HK\$400 million in terms of building a cocoa processing plant in Singapore.

Contingent Liabilities

As at 30th June, 2007 the Group had no material contingent liabilities to be disclosed.

Capital Structure of the Group in Debt Securities

During the period ended 30th June, 2007, the Group had no debt securities in issue (no debt securities were in issue during the corresponding period ended 30th June, 2006).

Significant Investment

As at 30th June, 2007 the Group had significant investments held in term of progress payment for construction work and down payment for machinery to the value of HK\$166,828,000.

Charges on Group's Assets

As at 30th June, 2007 the Group did not have any charges over any of its assets.

Liquidity and Financial Resources

The Group's liquidity position improved during the first and second quarters of 2007. In the current period, the Group financed its operations and investment activities with internally generated cash flows.

As at 30th June, 2007, the Group had total cash and bank deposits of HK\$408,529,000. The Group did not have any bank loans.

Gearing Ratio

The gearing ratio was 9.28% as at 30th June, 2007 (30th June, 2006: 0.18%), representing total liabilities of HK\$56.8 million (30th June, 2006: HK\$0.9 million) divided by total equity of HK\$612.3 million (30th June, 2006: HK\$509.4 million).

Material Acquisition and Disposals of Subsidiaries and Affiliated Companies

There were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the six months ended 30th June, 2007.

Employee Information

As at 30th June, 2007, the Group had 78 (30th June, 2006: 71) full-time employees.

Exposure to Exchange Rate Fluctuations

During the period ended 30th June, 2007 the Group experienced only immaterial exchange rates fluctuations as most of the Group's monetary assets and liabilities were denominated and most of the business were conducted in US Dollars and IDR which were relatively stable during the period under review. The Group considered that as the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. Having made specific enquiry of the Company's directors save and except Mr. Harmiono Judianto, the directors have confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES

The Company has established written guidelines for the relevant employees of the Company (the “Relevant Employees”) in respect of their dealings in the securities of the Company (the “Written Guidelines”) on terms no less exacting than the required standard set out in the Model Code. For this purpose, “Relevant Employee” includes any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. No incident of noncompliance of the Written Guidelines was noted by the Company throughout the accounting period covered by the interim report.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a good standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions (the “Code Provisions”) set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2007, except for the following deviations:

(a) Code Provision A.1.1

Code Provision A.1.1 stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

Due to the delay in the publication of the annual report of the Company for the year ended 31st December, 2006, the Company has not held the board meetings in quarterly intervals.

(b) Code Provision A.1.3

Code Provision A.1.3 stipulates that at least 14 days notice should be given for regular Board meetings. For all other Board meetings, reasonable notice should be given.

The Company agrees that sufficient time should be given to the Directors in order to make a proper decision. Accordingly, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

(c) Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The former Chairman of the Board is Mr. Harmiono Judianto, who had provided leadership for the Board and used to be responsible for chairing the meetings and managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner until 17th May, 2006. However, Mr. Harmiono Judianto had not been attending to the Company matters since then and the Board's recent attempts to contact him have been to no avail. As disclosed in the Company's announcement dated 17th December, 2007, Mr. Harmiono Judianto was removed by the Board with effect from 17th December, 2007.

Accordingly, the responsibility of the Chairman was taken up by Mr. Rudi Zulfian, the Chief Executive Officer of the Company, on an ad-hoc basis. Mr Rudi Zulfian is responsible for running the Company's businesses and implementing the Group's strategic plans and business goals.

SHARE OPTIONS

On 20th November, 2003, the Company adopted two share option schemes, namely, the Pre-IPO Share Option Scheme and the Old Share Option Scheme. No share options have been granted by the Company under the Old Share 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 Share Option Scheme and terminated the Old Share 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 of the Stock Exchange. The adoption of the New Share Option Scheme and the termination of the Old Share Option Scheme took effect from 1st March, 2006 (listing date of the shares of the Company on the Main Board of the Stock Exchange).

(A) New Share Option Scheme

As at 30th June, 2007, no option under the New Share Option Scheme has been granted or agree to be granted.

(B) Pre-IPO Share Option Scheme

As at 30th June, 2007, options to subscribe for 40,000,000 shares in aggregate representing 4.17% of the issued share capital of the Company have been granted.

The movement of share options granted under the Pre-IPO Share Option Scheme during the six months ended 30th June, 2007 is as follows:

Grantees	Vesting period	Exercisable period	Exercise price	Date of grant	Number	Number of	Number of
					of share options outstanding as at 1st January, 2007	share options exercised/ lapsed/ cancelled during the period	share options outstanding as at 30th June, 2007
Director							
Mr. Rudi Zulfian	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	20th November, 2003	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	20th November, 2003	24,000,000	—	24,000,000
					<u>40,000,000</u>	<u>—</u>	<u>40,000,000</u>

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

As at 30th June, 2007, the interests and short positions of the directors of the Company in the shares and underlying shares of the Company or 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in shares of the Company

Name of director	Capacity	Number of shares	Percentage of the Company's issued share capital
Mr. Harmiono Judianto	Interests in corporation	279,741,000 (<i>Note</i>)	29.13%

Note: These shares were owned by Silk Route International Limited, a company which was 100% controlled by Mr. Harmiono Judianto. Mr. Harmiono Judianto was removed as a director of the Company with effect from 17th December, 2007.

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

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Percentage of the underlying shares over the issued share capital of the Company
Mr. Rudi Zulfian	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 have been disclosed in the above section headed “Share Options”.

Save as disclosed above and under the paragraph headed “Share Options”, as at 30th June, 2007, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code nor had there been any grant or exercise of rights during the period.

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 six months ended 30th June, 2007 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

As at 30th June, 2007, the following persons had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of shareholder	Capacity	Number of shares	Percentage of shareholding
Hill View Consulting Limited ("Hill View")	Beneficial owner	200,659,000 (Note 1)	20.90%
Flanders Field Corporation	Beneficial owner	176,659,000 (Note 1)	18.40%
Mr. Lau Kee Swan	Interests in controlled corporations	200,659,000 (Note 1)	20.90%
Silk Route International Limited	Beneficial owner	279,741,000 (Note 2)	29.13%
Tapleys Hill Enterprise Limited	Trustee	90,550,000	9.43%

Notes:

- (1) These shares were held by Hill View (as to 24,000,000 shares) and Flanders Field Corporation (as to 176,659,000 shares). Flanders Field Corporation was 100% controlled by Hill View and Hill View was 100% controlled by Mr. Lau Kee Swan. Accordingly, Mr. Lau Kee Swan was deemed to be interested in the shares held by Hill View and Flanders Field Corporation.
- (2) The interests of Silk Route International Limited was also disclosed as the interests of Mr. Harmiono Judianto in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".

Save as disclosed above, as at 30th June, 2007, no person, other than the directors of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the substantial shareholders (as defined in the Listing Rules) had any interest in any business that competed with or might compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The Group had five customers during the six months ended 30th June, 2007 and sales to the largest customer included therein amounted to approximately 28% of total sales. During the six months ended 30th June, 2007 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 six months ended 30th June, 2007.

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

During the six months ended 30th June, 2007 neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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.

AUDIT COMMITTEE

The audit committee of the Company comprises four independent non-executive Directors, namely Mr. Erik Iskandar (Chairman of the audit committee), Mr. Lam Choong Fei, Ms. Goh Hwee Chow, Jacqueline and Ms. Wang Poey Foon, Angela. This audit committee has reviewed with the senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

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 its Pre-Migration Placing in April 2005.

Set out below is a comparison of the Group's actual use of proceeds for the period since its listing on GEM in December 2003 up to 30th June, 2007 including its intended use of proceeds as stated in the Listing Document dated 27th January, 2006 (the "Listing Document"):

Intended uses of proceeds stated in the Listing Document	Proceeds from Initial Public Offering in December 2003 HK\$'000	Intended uses of proceeds from Pre-Migration Placing HK\$'000	Actual Application of the proceeds up to 30th June, 2007 HK\$'000
— 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	—	—
Net fund raised/used	94,800	47,800	375

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

DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Rudi Zulfian, Ms. Roseline Marjuki and Mr. Abdi Arif Rasdita and the independent non-executive directors of the Company are Mr. Erik Iskandar, Mr. Lam Choong Fei, Ms. Goh Hwee Chow, Jacqueline and Ms. Wang Poey Foon, Angela.

On behalf of the Board
Mr Abdi A. Rasdita
Director

Jakarta, Indonesia, 24th December, 2007