

Pan Sino International Holding Limited

環新國際有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8260)

RESULTS ANNOUNCEMENT For The Three Months Ended 31st March 2004

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

* For identification purposes only

HIGHLIGHTS

- Turnover for the three months ended 31st March 2004, amounted to approximately HK\$ 97.13 million, representing a slight decrease of approximately 1.45% compared to the corresponding period in 2003.
- Sales volume for the three months ended 31st March 2004 increased by approximately 39.12% into 8,180 tonnes compared to the corresponding period in 2003.
- Net profit from operations increased by 19.87% compared to the corresponding period in 2003 to approximately HK\$ 23.32 million for the three months ended 31st March 2004.
- Earning per share was approximately HK1.97 cents.
- The Directors do not recommend payment of an interim dividend for the three months ended 31st March 2004.
- Profit attributable to shareholders for the three months ended 31st March 2004 was approximately HK\$15,726,000.00 representing an increase of approximately 15.96% compared to the corresponding period.

RESULTS

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, 2004 together with the comparative unaudited figures for the corresponding period in 2003 (the “Relevant Period”), as follows:

		(Unaudited)	
		three months ended	
		31st March,	
		2004	2003
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	3	97,128	98,562
Cost of sales		(73,868)	(78,184)
Gross profit		23,261	20,378
Interest income		1,015	617
Selling & distribution expenses		(446)	(325)
General and administration expenses		(640)	(418)
Net exchange loss		129	(798)
Profit from operations		23,319	19,453
Finance cost		0	(907)
Profit before taxation	4	23,319	18,546
Taxation	5	(6,772)	(4,268)
Profit after taxation		16,547	14,278
Minority interest		(821)	(716)
Profit attributable to shareholders	6	15,726	13,562
Earnings per share			
Basic (cents)	7a	1.97	2.42
Diluted (cents)	7b	1.84	2.21

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. 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 of The Stock Exchange of Hong Kong Limited, the Company became the holding company of the companies now comprising the Group on 23rd June 2003. This was accomplished through the acquisition of the entire issued share capital of Dickinson Group Limited in consideration of and in exchange for the Company's allotted and issued ordinary shares.

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 2003.

3. Turnover and revenue

The Group's principally activity is in trading of cocoa beans. Turnover represents the invoiced value of goods sold during the three months ended 31st March 2004.

4. Profit Before Taxation

	(Unaudited)	
	three months ended	
	31st March,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging:		
Cost of inventories sold	73,868	78,184
Auditors' remuneration	–	–
Depreciation	7	30
Directors' remuneration	107	55
Other staff costs	254	218
Interest on other loan wholly repayable within five years	–	907
Minimum lease payments in respect of land and buildings	131	60

5. Taxation

(a) Taxation in the consolidated income statement represents:

	(Unaudited)	
	three months ended	
	31st March,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income tax expense		
Indonesia:		
Current tax	6,772	4,268
Deferred tax	–	–
	<u>6,772</u>	<u>4,268</u>

During the three months ended 31st March 2004, 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:

Taxable income Rate

<i>IDR</i>	%
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 2004 can be reconciled to the profit per the income statement as follows:

	(Unaudited)	
	three months ended	
	31st March,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	<u>23,319</u>	<u>18,546</u>
Taxation at the Indonesian progressive income tax rates	6,996	5,564
Tax effect of expenses that are not deductible in determining taxable profit	22	6
Tax effect of income that is not assessable in determining taxable profit	(246)	(179)
Tax effect of cumulative tax loss	<u>—</u>	<u>(1,123)</u>
Income tax expense	<u>6,772</u>	<u>4,268</u>

6. Profit Attributable to Shareholders

Profit attributable to shareholders includes a profit of approximately HK\$15.73 million which has been dealt with in the unaudited financial statements of the Company.

7. Earnings per Share

- a. The calculation of the basic earnings per share is based on profit attributable to shareholders for the three months ended 31st March 2004 of HK\$15,726,000.00 (31st March, 2003: HK\$13,562,000.00) and on 800,000,000 (2003: 560,000,000) shares in issue during the period.
- b. The calculation of the diluted earnings per share is based on profit attributable to shareholders for the three months ended 31st March 2004 of HK\$15,726,000.00 (31st March, 2003: HK\$13,562,000.00) and on 854,564,103 (2003: 614,755,556) shares in issue during the period.

MOVEMENT OF RESERVES

	<i>Share Premium HK\$'000</i>	<i>Revenue reserve HK\$'000</i>	<i>Special reserve HK\$'000</i>	<i>Exchange reserve HK\$'000</i>	<i>Total HK\$'000</i>
At 1 January 2003	–	(45,521)	1,032	7,428	(37,061)
Profit for the period	–	13,562	–	–	13,562
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	(397)	(397)
At 31 March 2003	<u>–</u>	<u>(31,959)</u>	<u>1,032</u>	<u>7,031</u>	<u>(23,896)</u>
At 1 January 2004	86,800	31,754	83,232	10,558	212,344
Profit for three month 2004	–	15,726	–	–	15,726
Exchange differences on translation of financial statement of overseas subsidiaries	–	–	–	2,388	2,388
At 31 March 2004	<u>86,800</u>	<u>47,480</u>	<u>83,232</u>	<u>12,946</u>	<u>230,458</u>

INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31st March 2004 (2003: Nil).

BUSINESS REVIEW

In light of the Group's business strategies, the Group has formulated the business plans to implement its strategies in the time periods as set out in the prospectus. Given that the Group has been listed for approximately four month, none of the business plans has been implemented yet, since the first business plan will be applicable at the end of June 2004.

The trend in turnover in the first quarter of 2004 from 2003 was mainly because of the cocoa beans crop season where in the first quarter is usually the low season for cocoa beans. The main crop usually starts in April until June in each year.

In terms of volume, the Company's sales has increased from 5,880 tonnes for the three months ended 31st March 2003 to 8,180 tonnes for the three months ended 31st March 2004, representing an increase of approximately 39.12%.

However, net profit from operations in the first quarter of 2004 increased by approximately by 19.87% compared to the corresponding period in 2003 of approximately HK\$23.32 million.

The Group is one of the few purchasers in Indonesia that can provide farmers with a 50% advance payment for the purchase of cocoa beans. This is very important in dealing with the farmers. Given our standing as one of the major exporters of cocoa beans in Indonesia and the ability to provide farmers with this payment mode the Group is able to source cocoa beans from these farmers at more competitive prices.

The Group distinguishes itself from other cocoa beans traders in Indonesia by maintaining good relationships with the farmers through the provision of certain 'value-added' services. The Group provides farmers, on an informal basis, with general information on the cocoa market, such as the customers' forecast demand for cocoa beans and feedback on the quality of the cocoa beans supplied by the farmers. In addition the Group assists the farmers on an informal basis in improving the yield and quality of their cocoa beans harvests by arranging for education and training sessions on topics such as improved farming, harvesting and after-harvesting work methods including fermentation and drying techniques.

Relationship with Customers

The Group has maintained good and stable relationships with its overseas customers since commencement of business with them. This is evidenced by the Sales Agreements entered into between the Group and three major customers. These customers have agreed to purchase an aggregate annual minimum amount of 28,000 tonnes of cocoa beans from the Group for an initial term of three years commencing from October 2002. In addition to this, the Group has not experienced any customer complaints or returned sales during the three months ended 31st March 2004. The Directors believe that the ability to provide quality cocoa beans and reliable service to these customers are very important as they are established cocoa product suppliers in Europe who source cocoa beans from all over the world.

FUTURE PROSPECTS

The trend in turnover in the first quarter of 2004 and 2003 was mainly because the cocoa beans crop season in the first quarter is usually the low season. The main crop usually starts in April until July each year.

The business and revenue of the Group is in line with the cocoa beans crop season in Indonesia where the second quarter of the year 2004 will be the main crop of cocoa beans. The main crop will give a positive impact to the Group's sales and revenue. For instance, we see the comparison of the turnover of the Group for the second quarter in 2003 was increased by approximately 121.82 % from the turnover of the first quarter in 2003. The increase was because the main crops of cocoa beans are harvested in the second quarter of each year.

The international cocoa beans trading industry is competitive with numerous suppliers from both domestic and overseas markets. Cocoa beans traders in Indonesia face competition from other traders within their own country and from other major cocoa beans exporting countries such as Cote d'Ivoire and Ghana. However, the Directors believe that the Group will be able to maintain its competitive edge for the following reasons:

- the Group has entered into the Sales Agreements with three of its customers to ensure the continuous flow of business from these customers;
- the Group is one of the few purchasers in Indonesia which provide farmers with a 50% advance payment for purchases.

Other important factors in dealing with the farmers are:

- the Group's ability to place large orders enables us to obtain more competitive prices from the farmers. In return the Group can offer its export customers, all of whom are established cocoa product suppliers in Europe, export-quality cocoa beans at attractive prices. The Directors believe that this is especially important to overseas customers as they source cocoa beans from all over the world;
- the Group's senior management team has experience and well established business relationships in the cocoa industry;
- the Group adopts stringent quality control procedures to ensure that the quality of the cocoa beans sourced meet with customers' requirements;
- the Group is a major exporter of cocoa beans in Indonesia. According to INCA, for the year ended 31st December 2002, Nataki was the fourth largest exporter of cocoa beans in Indonesia, accounting for approximately 6.1% of the country's total export volume of cocoa beans for that year;
- the Group maintains close relationships with the farmers by providing value-added services such as latest market information on the cocoa industry and informal training on farming and harvesting methods;
- Indonesia is currently the third largest producers of cocoa beans in the world and according to INCA, aims to be the largest producers by 2010.

USE OF PROCEEDS

As at 31st March 2004, the net proceeds from the public listing have not been applied. The unused proceeds are now being placed on interest-bearing deposits with licensed banks in Indonesia.

COMPETING INTERESTS

None of the Directors, the substantial shareholder or the management shareholders (as defined in the GEM Listing Rules) had no interest in any business that competed with or might compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The Group had four customers during the three months ended 31st March 2004 and sales to the largest customer included therein amounted to approximately 40%. During the three months ended 31st March 2004, 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 three months ended 31st March 2004.

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

During the three months ended 31st March 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SPONSOR'S INTERESTS

As updated and notified by the Company's sponsor, Celestial Capital Limited ("CASH"), as at 31st March 2004, neither CASH 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 sponsorship agreement dated 24th November 2003 entered with the Company, CASH received and will receive fees for acting as the Company's continuing sponsor for the period from the Listing Date to 31st December 2005.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. 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 has two members comprising the two independent non-executive Directors, namely Mr. Gandhi Prawira and Ms. Novayanti. Mr. Gandhi Prawira is the Chairman of the audit committee.

Up to the date of approval of these financial statements, the audit committee has held 2 meeting and has reviewed the unaudited figures for the first quarter report and accounts for the three months ended 31st March 2004 prior to recommending such accounts to the Board for approval.

COMPLIANCE

In the opinion of the Directors, the Company has complied with Rules 5.28 to 5.39 of the GEM Listing Rules concerning board practices and procedures throughout the three months ended 31st March 2004.

DIRECTORS

Executive Directors of the Company as at the date of this announcement are Mr. Harmiono Judianto, Mr. Johanas Herkiamto and Mr. Rudi Zulfian and the Independent non-Executive Directors of the Company as at the date of this announcement are Ms. Novayanti, Mr. Gandhi Prawira and Ms. Wang Poey Foon, Angela.

On behalf of the Board
Mr. Harmiono Judianto
Chairman

Hong Kong, 10th May 2004.

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