

Pan Sino International Holding Limited
環新國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8260)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTH ENDED 30 JUNE 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 six months ended 30th June, 2004, amounted to approximately HK\$220.97 million, increase approximately 1.9% compared to the corresponding period in 2003.
- Sales volume for the six months ended 30th June, 2004 increased by approximately 40.84% into 19,140 tonnes compared to the corresponding period in 2003.
- Profit from operations increased by 39.59% compared to the corresponding period in 2003 to approximately HK\$ 57.01 million for the six months ended 30th June, 2004.
- Basic earnings per share was approximately HK4.79 cents.
- The Directors do not recommend payment of an interim dividend for the six months ended 30th June, 2004.
- Profit attributable to shareholders for the six months ended 30th June, 2004 was approximately HK\$38.34 million representing an increase of approximately 33.77% compared to the corresponding period in 2003.

INTERIM RESULTS

For the six months ended 30th June, 2004 (Unaudited)

The board of directors of the Company (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months and three months ended 30th June, 2004 together with comparative unaudited figures for the corresponding periods in 2003 (the “Relevant Periods”) as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		30th June,		30th June,	
		2004	2003	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	123,837	118,319	220,966	216,881
Cost of sales		(95,429)	(92,744)	(169,297)	(170,928)
Gross profit		28,408	25,575	51,669	45,953
Interest income		653	483	1,668	1,100
Selling and distribution expenses		(782)	(413)	(1,228)	(738)
General and administration expenses		(889)	(471)	(1,529)	(890)
Net exchange gain/loss		6,299	(3,787)	6,428	(4,585)
Profit from operations		33,689	21,387	57,008	40,840
Finance cost		0	(592)	0	(1,499)
Profit before taxation	3	33,689	20,795	57,008	39,341
Taxation	4	(9,950)	(4,906)	(16,722)	(9,174)
Profit after taxation		23,739	15,889	40,286	30,167
Minority interest		(1,128)	(792)	(1,949)	(1,508)
Profit attributable to shareholders	5	22,611	15,097	38,337	28,659
Earnings per share – Basic (<i>cents</i>)	6a	2.83	2.69	4.79	5.12
Diluted earnings per share (<i>cents</i>)	6b	2.65	2.45	4.49	4.67

CONSOLIDATED BALANCE SHEET

As at 30th June, 2004

	<i>Notes</i>	(Unaudited) As at 30th June, 2004 HK\$'000	(Audited) As at 31st December, 2003 HK\$'000
ASSETS			
Non-current assets			
Fixed assets		0	7
Deferred tax assets		26	29
Security deposit		110	0
Prepayment tax		8,726	0
		<u>8,862</u>	<u>36</u>
Current assets			
Inventories		32,215	16,335
Trade receivables	7	50,330	77,722
Advances to suppliers		20,040	15,838
Other receivables		127	4,267
Time deposit		78,279	105,524
Cash and bank balances		75,070	55,313
		<u>256,061</u>	<u>274,999</u>
LIABILITIES			
Current liabilities			
Tax payable		16,722	38,642
Accrued expenses		16	1,009
		<u>16,738</u>	<u>39,651</u>
Net current assets		<u>239,323</u>	<u>235,348</u>
Total assets less current liabilities		<u><u>248,185</u></u>	<u><u>235,384</u></u>
REPRESENTING:			
Share capital		8,000	8,000
Share premium		86,800	86,800
Exchange reserve		(8,013)	10,558
Special reserve		83,232	83,232
Revenue reserve		70,091	31,754
Proposed final dividend		0	8,000
		<u>240,110</u>	<u>228,344</u>
Minority interest		8,075	7,040
		<u><u>248,185</u></u>	<u><u>235,384</u></u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2004

	For the six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Net cash inflow from operating activities	67,339	5,577
Net cash outflow from investing activities	(103)	(190)
Net cash inflow before financing	67,236	5,387
Net cash outflow from financing	(55,365)	(1,308)
Increase in cash and cash equivalents	11,871	4,079
Cash and cash equivalents at the beginning of the period	160,837	13,778
Effect of foreign exchange rate changes	(19,359)	5,681
Cash and cash equivalent at the end of the period	<u>153,349</u>	<u>23,538</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	75,070	23,538
Time deposit	78,279	0
	<u>153,349</u>	<u>23,538</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	2004	2003
	HK\$'000	HK\$'000
At 1st January 2004	228,344	45,140
Exchange differences on translation of financial statements of overseas subsidiary	(18,571)	5,422
Dividend	(8,000)	0
Profit attributable to shareholders	38,337	28,659
	<u>240,110</u>	<u>79,221</u>

Notes:

1. Basis of presentation and accounting policies

The unaudited consolidated interim financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 2.125 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the disclosure requirements set out in chapter 18 of the GEM Listing Rules. The unaudited consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December, 2003.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31st December 2003.

2. Turnover and revenue

The Group is principally engaged in trading of cocoa beans. Turnover represents the invoiced value of goods sold during the six months ended 30th June, 2004.

3. Profit before taxation

	(Unaudited)	
	Six months ended	
	30th June,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging:		
Cost of inventories sold	169,297	170,928
Auditors' remuneration	–	–
Depreciation	6	59
Directors' remuneration	149	112
Other staff costs	224	208
Interest on other loan wholly repayable within five years	–	1,499
Minimum lease payments in respect of land and buildings	254	136

4. Taxation

Taxation in the consolidated income statement represents:

	(Unaudited)	
	Six months ended	
	30th June,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income tax expense		
Indonesia:		
Current tax	16,722	9,174
Deferred tax	–	–
	<u>16,722</u>	<u>9,174</u>

During the six months ended 30th June, 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	RATE
<i>Indonesian Rupiah (IDR)</i>	%
On the first IDR 50,000,000	10
On the next IDR 50,000,000	15
Over IDR 100,000,000	30

The tax charge for the six months ended 30th June 2004 can be reconciled to the profit per the income statement as follows:

	(Unaudited)	
	Six months ended	
	30th June,	
	2004	2003
	HK\$'000	HK\$'000
Profit before taxation	<u>57,008</u>	<u>39,341</u>
Taxation at the Indonesian progressive income tax rates	17,103	11,802
Tax effect of expenses that are not deductible in determining taxable profit	22	10
Tax effect of income that is not assessable in determining taxable profit	(403)	(330)
Tax effect of cumulative tax loss	<u>–</u>	<u>(2,308)</u>
Income tax expense	<u>16,722</u>	<u>9,174</u>

5. Profit attributable to shareholders

Profit attributable to shareholders for the six months ended 30th June, 2004 is approximately HK\$38.34 million. Representing an increase of approximately 33.77% compared to the correspondent period of 2003.

6. Earnings per share

- a. The calculation of the basic earnings per share is based on profit attributable to shareholders for the six months ended 30th June, 2004 of HK\$38,337,000 (30th June, 2003: HK\$28,659,000) 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 six months ended 30th June, 2004 of HK\$38,337,000 (30th June, 2003: HK\$28,659,000) and on 854,000,000 (2003: 614,755,556) shares in issue during the period.

7. Trade receivables

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

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (note a)	50,330	77,722
Other receivables	127	4,267
	<hr/>	<hr/>
	50,457	81,989
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The aging analysis of the trade receivables was as follows:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0– 30 days	29,270	59,991
31– 60 days	21,060	17,731
61– 90 days	0	0
More than 90 days	0	0
	<hr/>	<hr/>
	50,330	77,722
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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>
At 1st January, 2003	–	(45,521)	1,032	7,428	(37,061)
Profit for the six months ended 30th June, 2003	–	28,659	–	–	28,659
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	5,422	5,422
At 30th June, 2003	<u>–</u>	<u>(16,862)</u>	<u>1,032</u>	<u>12,850</u>	<u>(2,980)</u>
At 1st January, 2004	86,800	31,754	83,232	10,558	212,344
Profit for the six months ended 30th June, 2004	–	38,337	–	–	38,337
Exchange differences on translation of financial statement of overseas subsidiaries	–	–	–	(18,571)	(18,571)
At 30 June 2004	<u>86,800</u>	<u>70,091</u>	<u>83,232</u>	<u>(8,013)</u>	<u>232,110</u>

INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30th June, 2004 (2003: NIL).

COMMITMENTS

As at 30th June 2004, the Group had no material capital commitments to be disclosed.

CONTINGENT LIABILITIES

As at 30th June 2004, the Group had no material contingent liabilities to be disclosed.

BUSINESS REVIEW

For the six months ended 30th June, 2004, the Group has increased its sales to approximately 19,140 tonnes to the existing customers and continues its effort to expand its market-share by recruiting additional three sales and marketing staff in June 2004.

The trend in turnover during the second quarters of 2004 and 2003 was higher as the crop season for cocoa beans in Indonesia is divided into two: (i) March to July; and (ii) September to December.

Based on Cocoa Market Report issued by ED&F Man on 30th March, 2004, it was reported that “so far this season, exports of cocoa beans from Sulawesi have been very strong.” inspite of unusual weather conditions and some plant diseases.

The Company’s sales volume has increased from 13,590 tonnes for the six months ended 30th June, 2003 to 19,140 tonnes for the six months ended 30th June, 2004, representing an increase of approximately 40.84%.

Profit attributable to shareholders for the six months ended 30th June, 2004 of approximately HK\$38.34 million, increased by approximately 33.77% compared to the corresponding period in 2003.

RELATIONSHIP WITH CUSTOMERS

The Group has maintained 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. Since June of this year the Group recruited three additional sales and marketing staff to explore more opportunities and to expand the sales.

The Group has also attended some trade shows, exhibitions and conferences related to the cocoa industry domestically and in some European countries.

BUSINESS PLAN

The Group has formulated the business plans to implement its strategies in the time periods as set out in the prospectus, but has to consider the current investment situation and conditions in Indonesia.

The Group has been listed for approximately seven months since December 2003. The first business plan was to be accomplished at the end of June 2004, but due to the current economic and political uncertainty, the Group has to revise its business plans.

Indonesia had in the early months of this year successfully held a peaceful general election as well as the first round of the presidential election. We are anticipating of the second round of the presidential election to be held on 5th September, 2004. The election has created an instable condition for new investment activities. For the construction of a new factory and warehouse in Indonesia, the Group needed to obtain several licenses from the government bodies and these processes were slowed down as the government officials have concentrated their efforts in organizing and maintaining the peaceful elections.

RELATIONSHIP WITH FARMERS

The Group continues to provide farmers with a 50% advance payment for the purchase of cocoa beans and maintain good relationships with them.

FUTURE PROSPECTS

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 is the main harvest time for cocoa beans in Indonesia, even though this year the harvest was delayed for approximately two months. The main crop has given a positive impact to the Group's sales and revenue. We can see the comparison of the turnover of the Group for the three months ended 30 June 2003 was HK\$118.3 million, increased by approximately 20% from the turnover of the first quarter in 2003 of HK\$98.6 million.

The current International price for cocoa beans has reached the highest level in 18 years and predicted to have an up trend due to the instability and civil war in Cote D'Ivoire, the biggest producer country in the world.

The Directors believe that the Group will be able to maintain its competitive edge between the customers and the farmers.

LIQUIDITY AND FINANCIAL RESOURCES

There has been no change in the capital structure of the Group during the reporting period. The Group continues to be in a healthy financial position with current assets totaling approximately HK\$256 million and without bank borrowing as at 30th June 2004. As 59.9% of the current assets consists of time deposits and cash and bank balance, the Group considers its financial resources to be highly liquid.

To formalise the relationship between the Group and three of their major customers and to ensure a continuous flow of business from the customers, the Group has entered into the Sales Agreements with each of Unicom, ICBT and Westermann for an initial term of three years starting from October 2002. There has not been, and the Group has not made any provisions for, any bad debts during the period. The Group has also not experienced any customers' complaints or returned sales during the period.

EMPLOYEE INFORMATION

As at 30 June, 2004, the total number of employees of the Group was 72. For the Interim Period, the staff costs including directors' remuneration represented approximately 0.17% of the turnover and increase of approximately HK\$53,000 or approximately 16.56% as compared to that of the corresponding period of 2003.

RETIREMENT BENEFIT SCHEME

The Indonesian subsidiary of the Company, PT. Nataki Bamasa, is required to contribute to the government's statutory insurance and retirement fund ("Jamsostek"). The Company contributes 6.24% of the basic salary of its employees, and thereafter have no further obligations for the actual pension payments or post-retirement benefits beyond the monthly contributions. The Jamsostek fund is also responsible for the entire insurance claim related to accidents incurred by the employees during work and to the entire pension obligations of the retired employees.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL PROGRESS

Expansion of trading volume	Business objectives for the period from 1st January, 2004 to 30th June, 2004	Actual business progress up to the period from 1st January, 2004 to 30th June, 2004
Marketing and promotional activities.	expand sales and marketing team from 19 to 22 staff.	the Group has hired 3 additional sales and marketing staff in June 2004 and satisfied the business plan.
	attend trade shows, exhibitions and conferences relating to the cocoa industry, especially in US.	with higher security restrictions, we encountered difficulties in application of visa for entry into US, therefore, we attended those events held in Europe and realised that the European countries organise more of such related-industries events.
	direct marketing to both overseas and domestic cocoa trading companies.	the marketing team is looking for opportunities to expand the export market, but plans for the domestic market is currently on hold.
Expansion into other cocoa-related business		
1. Conduct market research and feasibility studies.	conduct research and studies on the equipment required, suppliers of the equipment and the markets for cocoa butter and cocoa powder.	Currently the Group is still doing research on the equipments and the suppliers for cocoa beans industry.
2. Construct factory and establish operations.	commence construction of cocoa processing factory acquire equipment commence assembling the cocoa processing operation	Currently the Group has decided to delay the construction of factory and establishment of cocoa processing operations due to the election process in Indonesia which makes all of the investment activities process slow down.

Expansion of warehouse capacity	Business objectives for the period from 1st January, 2004 to 30th June, 2004	Actual business progress up to the period from 1st January, 2004 to 30th June, 2004
3. Marketing and Promotional activities	Direct marketing to cocoa products manufacturing companies	The Group has contacted some cocoa products manufacturing companies and are still at initial discussion for opportunities of securing contracts for direct supply.
4. Purchase or construct warehouse in Sulawesi.	search for a suitable warehouse or location for constructing a warehouse. commence the purchase or construction of the warehouse.	Currently the Group has decided to delay the construction of cocoa processing factory and establishment of the operations due to the election process in Indonesia which slows down all the investment activities process

USE OF PROCEEDS

As at 30th June, 2004, the net proceeds from the public listing have been applied as follows:

	Budgeted amount disclosed in the Prospectus <i>HK\$'000</i>	Actual amount used up to 30th June, 2004 <i>HK\$'000</i>
Expansion of trading volume	150	150
Expansion into other cocoa-related business	28,525	225
Expansion of warehouse capacity	11,800	0
	<hr/>	<hr/>
Total	<u>40,475</u>	<u>375</u>

Note: The remaining unused proceeds have been placed on interest-bearing deposits with licensed banks in Indonesia.

As at 30th June 2004, the net proceeds from the public listing have been partially applied in accordance with the business plan.

With the revisions on the business plans, the unused proceeds are now placed on interest-bearing deposits with licensed banks in Indonesia.

SHARE OPTIONS

Pursuant to the written resolutions passed by all the shareholders of the Company on 20th November 2003, the Company adopted the following share option schemes:

(A) Share Option Scheme (the “Scheme”)

Since the adoption of the Scheme, no option under the Scheme has been granted or agreed to be granted.

(B) Pre-IPO Share Option Scheme (the “Pre-IPO Scheme”)

Since the adoption of the Pre-IPO-Scheme, options to subscribe for 56,000,000 shares in aggregate representing 7% 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 Scheme is as follows:

Grantees	Number of share options outstanding as at 01.01.2004	Vesting period	Exercisable period	Exercise price	Number of share options granted/ exercised/ lapsed/ cancelled during the six months ended 30.06.2004	Number of share options and outstanding as at 30.06.2004
Executive Directors						
Mr. Johanas Herkiamto	16,000,000	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	–	16,000,000
Mr. Rudi Zulfian	16,000,000	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	–	16,000,000
Other employees						
Mr. Elfisno	12,000,000	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	–	12,000,000
Mr. Tiswan	12,000,000	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	–	12,000,000
	<u>56,000,000</u>				<u>–</u>	<u>56,000,000</u>

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

Save as disclosed below, 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 Rule 5.40 of the GEM Listing Rules (in force prior to 31st March, 2004).

Long position in ordinary shares of the Company

Name of Director	Nature of interest	Capacity	Number of shares	Percentage of shareholding
Mr. Harmiono Judianto	Personal	Beneficial owner	456,400,000	57.05%

Note: Mr. Harmiono Judianto is also the management shareholder and substantial shareholder of the Company.

Long position in underlying shares of the Company

Name of Director	Nature of interest	Capacity	Description of equity derivatives	Number of underlying shares	Percentage of the underlying shares over the issued share capital of the Company
Mr. Johanas Herkiamto	Personal	Beneficial owner	Share option (Note)	16,000,000	2%
Mr. Rudi Zulfian	Personal	Beneficial owner	Share option (Note)	16,000,000	2%

Note: The share options were granted under the Pre-IPO Scheme. Such share options were unlisted and physically settled equity derivatives. Details of such share options are set out in the paragraph 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" above, at no time during the six months ended 30th June 2004 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 under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" above, 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 of the Company as recorded in the register as 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 30th June, 2004, 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 shareholders or the management shareholders (as defined in the GEM 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 four customers during the six months ended 30th June, 2004 and sales to the largest customer included therein amounted to approximately 40%. During the six months ended 30th June, 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 six months ended 30th June, 2004.

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

During the six months ended 30th June, 2004, 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 the 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.

SPONSOR’S INTERESTS

As updated and notified by the Company’s sponsor, Celestial Capital Limited (“CASH”), as at 30th June, 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 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 3 meetings and has reviewed the unaudited figures for the half-year report and accounts for the six months ended 30th June, 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 (in force prior to 31st March, 2004) concerning board practices and procedures throughout the six months ended 30th June, 2004.

On behalf of the Board

Mr. Rudi Zulfian

Director

Hong Kong, 10th August, 2004

As at the date of this announcement, Mr. Harmiono Judianto, Mr. Johanas Herkiamto and Mr. Rudi Zulfian are the executive directors of the Company and Mr. Gandhi Prawira, Ms. Novayanti and Ms. Wang Poey Foon, Angela are the independent non-executive directors of the Company.

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication.