

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 Nine Months ended 30 September 2004

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This report, 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 report 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 report misleading; and (3) all opinions expressed in this report 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 nine months ended 30th September 2004, amounted to approximately HK\$417.08 million, representing a slight increase of approximately 0.03 % compared to the corresponding period in 2003.
- Sales volume for the nine months ended 30th September 2004 increased by approximately 25.07% into 37,340 tonnes compared to the corresponding period in 2003.
- Profit from operations increased by 8.44% compared to the corresponding period in 2003 to approximately HK\$95.31 million for the nine months ended 30th September 2004.
- Earning per share was approximately HK8.02 cents.
- The Directors do not recommend payment of an interim dividend for the nine months ended 30th September 2004.
- Profit attributable to shareholders for the nine months ended 30th September 2004 was approximately HK\$64.16 million representing an increase of approximately 5.04% compared to the corresponding period in 2003.

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 nine months ended 30th September 2004 together with the comparative unaudited figures for the corresponding period in 2003 (the “Relevant Period”), which are set out as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Three months		Nine months	
		ended 30th September 2004 <i>(Unaudited)</i> <i>HK\$'000</i>	2003 <i>(Unaudited)</i> <i>HK\$'000</i>	ended 30th September 2004 <i>(Unaudited)</i> <i>HK\$'000</i>	2003 <i>(Unaudited)</i> <i>HK\$'000</i>
Turnover	2	196,113	200,056	417,079	416,937
Cost of sales		(154,877)	(151,667)	(324,175)	(322,593)
Gross profit		41,236	48,389	92,904	94,344
Interest income		626	358	2,294	1,458
Selling & distribution expenses		(757)	(722)	(1,984)	(1,460)
General and administration expenses		(864)	(691)	(2,393)	(1,581)
Net exchange loss		(1,938)	(286)	4,490	(4,871)
Profit from operations		38,303	47,048	95,311	87,890
Finance cost		–	(371)	–	(1,871)
Profit before taxation	3	38,303	46,677	95,311	86,019
Taxation	4	(11,207)	(12,862)	(27,929)	(22,036)
Profit after taxation		27,096	33,815	67,382	63,983
Minority interest		(1,276)	(1,394)	(3,225)	(2,902)
Profit attributable to shareholders	5	<u>25,820</u>	<u>32,421</u>	<u>64,157</u>	<u>61,081</u>
Earnings per share					
Basic (cents)	6a	<u>3.23</u>	<u>5.79</u>	<u>8.02</u>	<u>10.91</u>
Diluted (cents)	6b	<u>3.02</u>	<u>5.27</u>	<u>7.51</u>	<u>9.94</u>

Notes:

1. 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 preparation of the annual audited financial statements for the year ended 31st December 2003.

2. Turnover and revenue

The Group's principal activity is in the trading of cocoa beans. Turnover represents the invoiced value of goods sold during the nine months ended 30th September 2004.

3. Profit Before Taxation

(Unaudited)
Nine months ended
30th September,
2004 2003
HK\$'000 *HK\$'000*

Profit before taxation is arrived at after charging:

Cost of inventories sold	324,175	322,593
Auditors' remuneration	–	–
Depreciation	6	155
Directors' remuneration	282	167
Other staff costs	351	311
Interest on other loan wholly repayable within five years	–	1,871
Minimum lease payments in respect of land and buildings	375	254

4. Taxation

The tax charged for the nine months ended 30th September 2004 can be reconciled to the profit per the income statement as follows:

	Three months ended 30th September		Nine months ended 30th September	
	2004 <i>(Unaudited)</i> <i>HK\$'000</i>	2003 <i>(Unaudited)</i> <i>HK\$'000</i>	2004 <i>(Unaudited)</i> <i>HK\$'000</i>	2003 <i>(Unaudited)</i> <i>HK\$'000</i>
Income tax expense				
Profit before taxation	38,303	46,677	95,311	86,019
Taxation at Indonesian progressive				
Income tax rate	11,490	14,004	28,593	25,806
Tax effect of expenses that are not deductible in determining taxable profit	2	8	24	18
Tax effect of income that are not deductible in determining taxable profit	(285)	(108)	(688)	(438)
Tax effect of cumulative loss	–	(1,043)	–	(3,351)
Income tax expense	11,207	12,861	27,929	22,035

During the nine months ended 30th September 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

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

5. Profit Attributable to Shareholders

Profit attributable to shareholders includes a profit of approximately HK\$64.16 million which has been dealt with in the unaudited financial statements of the Company.

6. Earnings per Share

- The calculation of the basic earnings per share is based on profit attributable to shareholders for the nine months ended 30th September 2004 of HK\$64,157,000.00 (30th September 2003: HK\$61,081,000.00) and on 800,000,000 (2003: 560,000,000) shares in issue during the period.
- The calculation of the diluted earnings per share is based on profit attributable to shareholders for the nine months ended 30th September 2004 of HK\$64,157,000.00 (30th September 2003: HK\$61,081,000.00) and on 854,303,030 (2003: 614,755,556) 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>
At 1st January 2003	–	(45,521)	1,032	7,428	(37,061)
Profit for the period	–	61,081	–	–	61,081
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	(14,067)	(14,067)
At 30th September 2003	–	15,560	1,032	(6,639)	9,953
At 1st January 2004	86,800	31,754	83,232	10,558	212,344
Profit for nine month 2004	–	64,157	–	–	64,157
Exchange differences on translation of financial statement of overseas subsidiaries	–	–	–	(9,880)	(9,880)
At 30th September 2004	86,800	95,911	83,232	678	266,621

INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30th September 2004 (2003: Nil).

BUSINESS REVIEW

The decline in the average selling price for the three months ended 30th September 2004 was mainly due to the downtrend of International cocoa beans price. The price began to stabilize from the second week of August 2004.

The Group has made progress by receiving an order from a new customer, Theobroma, a cocoa trading company based in Netherlands. The first order from Theobroma was signed in July 2004 and the first shipment has done in the middle of September 2004. Until the end of September 2004, the Group has shipped the amount of 1,620 tonnes to Theobroma. The Group will continue its effort to expand its market-share in other customers.

Some disease has infected a few areas of the cocoa beans plantation in Sulawesi, but the Group is still able to increase its purchasing volume from the farmers by changing the purchasing areas to other areas which were not affected by the disease.

The Group continues to be one of the few purchasers in Indonesia that provide farmers with a 50% advance payment for the purchase of cocoa beans. Given our standing as one of the major exporters of cocoa beans in Indonesia, this ability to provide farmers with this payment mode guarantees the stock of cocoa beans required and at more competitive prices.

The Group's sales volume has increased from 29,855 tonnes for the nine months ended 30th September 2003 to 37,340 tonnes for the nine months ended 30th September 2004, representing an increase of approximately 25.07%.

However, profit from operations in the third quarter of 2004 was approximately HK\$95.31 million, increased approximately by 8.44% compared to the corresponding period in 2003 of approximately HK\$87.90 million.

Profit attributable to shareholders for the nine months ended 30th September 2004 of approximately HK\$64.16 million, increased by approximately 5.04% compared to the corresponding period in 2003.

RELATIONSHIP WITH CUSTOMERS

With the recruitment of 3 additional sales and marketing staff, the Group has succeeded in getting a new customer and will continue its effort to expand the sales volume and customer base.

The Group has maintained the good and stable relationships with its overseas customers since commencement of business with them. The Directors are aware 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.

As in previous years, including the nine months ended 30th September 2004, the Group has not experienced any customer complaints or returned sales.

FUTURE PROSPECTS

The trend in turnover during the third quarter of 2004 and 2003 improved 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 part of the third quarter of the year 2004 usually includes the main crop of cocoa beans. The main crop will give a positive impact to the Group's sales and revenue.

- 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. Indonesia is currently the third largest producer of cocoa beans in the world and according to INCA, aims to be the largest producers by 2010. However, the Directors believe that the Group will be able to maintain its competitive edge, with the Sales Agreements signed with three of its customers; the ability to provide farmers with a 50% advance payment for purchases;
- the ability to place large orders enables us to obtain more competitive prices and in return can offer our export customers, quality cocoa beans at attractive prices;
- vast spread areas of the plantations has given the Group dealings with more farmers in different locations;
- the 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 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.

USE OF PROCEEDS

As at 30th September 2004, the net proceeds from the public listing have still not been applied.

In the Interim Report 2004, the Group stated that the delay in the business plan was due to the legislative election and the presidential election in Indonesia. The election has carried out peacefully and a new president Mr. Soesilo Bambang Yudhoyono was elected for the period of 2004-2009, with Mr. M. Jusuf Kalla as Vice President.

After the appointment of the new ministerial cabinet, the Group will begin its business plans as stated in the prospectus which should be in early 2005.

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 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 nine months ended 30th September 2004 and sales to the largest customer included therein amounted to approximately 40%. During the nine months ended 30th September 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 nine months ended 30th September 2004.

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

During the nine months ended 30th September 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 30th September 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.

AUDIT COMMITTEE

The audit committee comprises two of the independent non-executive Directors, namely Mr. Gandhi Prawira and Ms. Novayanti. Mr. Gandhi Prawira is the Chairman of the audit committee. The primary duties of this 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 of Directors. It will also be responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. Up to the date of approval of these financial statements, the audit committee has held 4 meetings. The audit committee has reviewed the unaudited figures for the third quarterly report and accounts for the nine months ended 30th September, 2004 prior to recommending such accounts to the Board of Directors for approval.

As detailed in the Company's announcement dated 30th September, 2004, the audit committee must have at least an additional member who is an independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. The Board of Directors will use its best endeavour to complete the aforesaid appointment as soon as practicable and will ensure that such appointment will be completed not later than 31st December, 2004 because it takes time for the Company to finalise the employment terms with the potential candidate for the position.

COMPLIANCE

In the opinion of the Directors, the Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the nine months ended 30th September 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, 8th November 2004.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the day of its posting.