

Pan Sino International Holding Limited

環新國際有限公司*

(Incorporated in the Cayman Islands with limited liability)
 (Stock Code: 502)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2006

QUARTERLY RESULTS

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

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

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

* for identification purposes only

Notes:

1. Group Reorganisation

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

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

2. Accounting Policies

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

3. Turnover and Revenue

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

4. Profit Before Taxation

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

5. Taxation

(a) Taxation in the consolidated income statement represents:

	(Unaudited) three months ended 31st March,	
	2006 HK\$'000	2005 HK\$'000
Income tax expense		
Indonesia:		
Current tax	4,990	7,151
Deferred tax	—	—
	4,990	7,151

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

Taxable income	Rate
Indonesia Rupiahs (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 three months ended 31st March 2006 can be reconciled to the profit per the income statement as follows:

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

6. Profit Attributable to Shareholders

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

7. Earnings per Share

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

MOVEMENT OF RESERVES

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

INTERIM DIVIDENDS

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

BUSINESS REVIEW

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

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

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

Relationship with Customers

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

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

BUSINESS PROSPECT

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

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

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

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

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

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

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

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

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

AUDIT COMMITTEE

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

DIRECTORS

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

On behalf of the Board
Mr. Harmiono Judianto
Chairman

Jakarta, Indonesia, 17th May 2006

“Please also refer to the published version of this announcement in The Standard.”