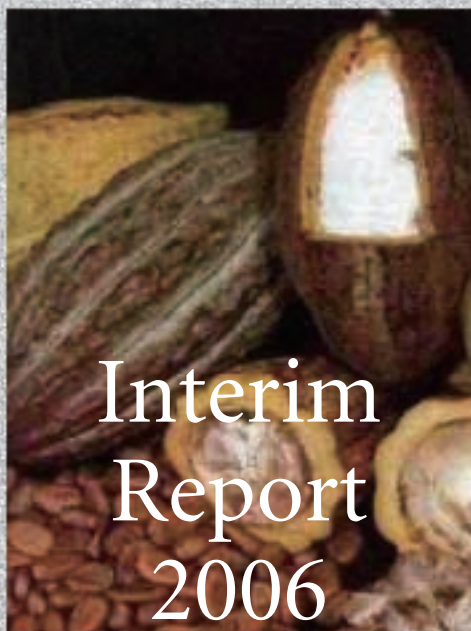


*Pan Sino
International
Holding Limited*

環新國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 502



HIGHLIGHTS

- Turnover for the six months ended 30th June, 2006, amounted to approximately HK\$273,200,000, increased by approximately 1.69% compared to the corresponding period in 2005.
- Sales volume for the six months ended 30th June, 2006 increased by approximately 10.82% to 24,425 tonnes compared to the corresponding period in 2005.
- Profit from operations increased by 8.69% compared to the corresponding period in 2005 to approximately HK\$66,086,000 for the six months ended 30th June, 2006.
- Basic earnings per share for the six months ended 30th June, 2006 was approximately HK4.92 cents.
- The Directors do not recommend payment of an interim dividend for the six months ended 30th June, 2006.
- Profit attributable to shareholders for the six months ended 30th June, 2006 was approximately HK\$47,263,000 representing an increase of approximately 16.04% compared to the corresponding period in 2005.

INTERIM RESULTS

For the six months ended 30th June, 2006 (Unaudited)

The board of directors (the “Board”) of Pan Sino International Holding Limited (the “Company”) 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, 2006 together with comparative unaudited figures for the corresponding periods in 2005 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	(Unaudited) Three months ended 30th June, 2006		(Unaudited) Six months ended 30th June, 2006		
		2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Turnover	2		162,345	161,727	273,200	268,665
Cost of sales			(124,149)	(125,361)	(211,014)	(207,396)
Gross profit			38,196	36,366	62,186	61,269
Others income			7,692	1,854	15,021	3,369
Selling and distribution expenses			(1,159)	(592)	(1,984)	(1,009)
General and administration expenses			(3,774)	(2,526)	(5,111)	(3,550)
Net exchange gain/loss			1,508	421	(4,026)	723
Profit before taxation	3		42,463	35,523	66,086	60,802
Taxation	4		(11,272)	(10,691)	(16,262)	(17,841)
Profit after taxation			31,191	24,832	49,824	42,961
Attributable to:						
Shareholders of the company	5		29,534	23,495	47,263	40,730
Minority interest			1,657	1,337	2,561	2,231
			31,191	24,832	49,824	42,961
Earnings per share	6					
Basic, HK cents			3.08	2.82	4.92	4.89
Diluted, HK cents			3.46	2.65	4.66	4.59

CONSOLIDATED BALANCE SHEET

	(Unaudited) As at 30th June, 2006 HK\$'000	(Audited) As at 31st December, 2005 HK\$'000
Notes		
ASSET		
Non-current Assets		
Deferred tax assets	180	170
	<u>180</u>	<u>170</u>
Current Assets		
Inventories	17,060	8,244
Trade debtors	52,196	76,542
Advances to suppliers	33,107	17,297
Deposits, prepayment and other receivable	4,351	1,500
Fixed deposit	405,022	336,988
Cash and bank balances	17,972	35,978
	<u>529,708</u>	<u>476,549</u>
Deduct:		
Current liabilities		
Tax payable	6	14,351
Accrued expenses	331	979
	<u>337</u>	<u>15,330</u>
NET CURRENT ASSETS	<u>529,371</u>	461,219
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>529,551</u>	461,389
Non-current Liability		
Provision for post employment benefit	599	566
NET ASSETS	<u>528,952</u>	<u>460,823</u>
Representing:		
Share capital	9,600	9,600
Reserve	499,753	435,100
	<u>509,353</u>	444,700
Minority Interest	19,599	16,123
Shareholders' Funds	<u>528,952</u>	<u>460,823</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2006

	for the six months ended 30th June, 2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Cash flow from operating activities		
Profit before taxation	66,086	60,802
Interest income	(15,021)	(3,369)
Operating profit before working capital changes	51,065	57,433
(Increase)/decrease in inventories	(8,816)	1,784
Decrease in trade debtors	24,346	33,944
(Increase) in advances to suppliers	(15,810)	(18,501)
Decrease in deposits, prepayments and other receivable	(2,851)	109
Decrease in accrued expenses	(648)	(329)
Cash from operations	47,286	74,440
Interest received	15,021	3,369
Tax paid	(35,145)	(28,785)
Net cash from operating activities	27,162	49,024
Cash flow from investing activities		
	-	-
Cash flow from financing activities		
Issue of new shares	-	48,000
Deferred tax assets	-	(87)
Net cash from financing activities	-	47,913
Net increase in cash and cash equivalents		
	27,162	96,937
Cash and cash equivalents at beginning period		
	372,966	217,142
Effect of foreign exchange rate changes		
	22,866	(10,438)
Cash and cash equivalents at end of the period		
	422,994	303,641
Analysis of the Balances of cash and cash equivalents		
Time deposit	405,022	218,763
Cash and bank balances	17,972	84,878
	422,994	303,641

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2006

	(Unaudited)	
	for the six months	
	ended 30th June,	
	2006	2005
	HK\$'000	HK\$'000
At 1st January	444,700	297,895
Exchange differences on translations of financial statements of overseas subsidiary	17,390	(10,139)
Share placing	–	48,000
Dividend	–	–
Profit attributable to shareholders	47,263	40,730
	509,353	376,486

Notes:

1. Basis of Preparation and Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards and Interpretations approved by the HKICPA, 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 six months ended 30th June, 2006.

3. Profit before taxation

	Six months ended	
	30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging:		
Cost of inventories sold	211,014	207,396
Directors' remuneration	329	223
Other staff costs	964	282
Minimum lease payments in respect of land and buildings	263	253

4. Taxation

Taxation in the consolidated income statement represents:

	Six months ended 30th June, 2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Income tax expenses		
Indonesia:		
Current tax	16,262	17,932
Deferred tax	-	(91)
	<u>16,262</u>	<u>17,841</u>

During the six months ended 30th June, 2006, all of the Group's profits were derived from PT. 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

	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 six months ended 30th June, 2006 can be reconciled to the profit per the income statement as follows:

	Six months ended 30th June, 2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Profit before taxation	<u>66,086</u>	<u>60,802</u>
Taxation at the Indonesian progressive income tax rate	20,232	20,581
Tax effect of expenses that are not deductible in determining taxable profit	-	38
Tax effect of income that are not assessable in determining taxable profit	(3,970)	(2,989)
Tax effect of cumulative fiscal loss	<u>-</u>	<u>302</u>
Income tax expense		
- Current tax	16,262	17,932
- Deferred tax	<u>-</u>	<u>(91)</u>
	<u>16,262</u>	<u>17,841</u>

5. Profit attributable to shareholders

Profit attributable to shareholders for the six months ended 30th June, 2006 is approximately HK\$47,263,000 (30th June, 2005: HK\$40,730,000).

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, 2006 of HK\$47,263,000 (30th June, 2005: HK\$40,730,000) and 960,000,000 (30th June, 2005: 832,707,182) 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, 2006 of HK\$47,263,000 (30th June, 2005: HK\$40,730,000) and 1,014,564,103 (30th June, 2005: 886,467,182) 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, 2006 HK\$'000	(Audited) As at 31st December, 2005 <i>HK\$'000</i>
Trade debtors	52,196	76,542

The aging analysis of the trade debtors was as follows:

	(Unaudited) As at 30th June, 2006 HK\$'000	(Audited) As at 31st December, 2005 <i>HK\$'000</i>
0-30 days	21,364	71,185
31-60 days	30,832	5,357
	52,196	76,542

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, 2005	86,800	123,448	-	83,232	(3,585)	289,895
Profit for six month 2005	-	40,730	-	-	-	40,730
Share placing	46,400	-	-	-	-	46,400
Exchange differences on translation of financial statement of overseas subsidiaries	-	-	-	-	(10,139)	(10,139)
At 30th June, 2005	<u>133,200</u>	<u>164,178</u>	<u>-</u>	<u>83,232</u>	<u>(13,724)</u>	<u>366,886</u>
At 1st January, 2006	133,200	219,123	16,178	83,232	(16,633)	435,100
Profit for six month 2006	-	47,263	-	-	-	47,263
Exchange differences on translation of financial statement of overseas subsidiaries	-	-	-	-	17,390	17,390
At 30th June, 2006	<u>133,200</u>	<u>266,386</u>	<u>16,178</u>	<u>83,232</u>	<u>757</u>	<u>499,753</u>

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30th June, 2006 (30th June, 2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's primary business is the sourcing and sale of cocoa beans to its overseas customers. For the six months ended 30th June, 2006, the Group increased its sales to existing customers to approximately 24,425 tonnes and is continuing its efforts 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 period bearing better harvest. Thus, turnover during the second quarters of 2006 and 2005 was on an upward trend as compared with first quarters.

The Company's sales volume has increased from 22,040 tonnes for the six months ended 30th June, 2005 to 24,425 tonnes for the six months ended 30th June, 2006, representing an increase of approximately 10.82%.

Profit attributable to shareholders for the six months ended 30th June, 2006 was approximately HK\$47,263,000 representing an increase of approximately 16.04% compared to the corresponding period in 2005.

Relationship with Customers

The Group is committed to maintaining good and stable relationships with its existing overseas customers who are established cocoa product suppliers in Europe sourcing cocoa beans from all over the world. The Group's business activities are supported by well-integrated teams within the organisation.

Business Plan

The Group was listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in December 2003 and migrated successfully to the Main Board of the Stock Exchange in March 2006.

The business plans of the Group, as formulated at the time of listing on GEM and as set out in the prospectus, had to be adjusted in accordance with changes in the economic and political situation in Indonesia. The adjustment was in relation to the timing of investments and implementation of business strategies. The revisions enabled the Company to remain viable.

Indonesia in the year 2004 held its general and presidential elections. These events have, in the past, always created unstable conditions for new investment activities. The Group therefore decided to hold back its business plans to build a new factory and warehouse in Indonesia. In addition, to carry out those plans, the Group had to obtain additional licences from government bodies and these processes were slowed down due to concentration of government efforts on organising and maintaining peaceful elections. Thankfully, with the extra efforts on the part of the Government, both the general and presidential elections were, in the event, carried out peacefully and successfully.

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 develop farming techniques that will allow them to earn a successful 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 the 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 improved farming, harvesting and after-harvesting work methods including fermentation and drying techniques; (ii) 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; and (iii) a 50% advance payment for the purchase of cocoa beans.

Future Prospects

The business and revenue of the Group are in line with the crop seasons of cocoa beans in Indonesia where better growth is usually reported in the second quarter of each year. The main crop in the second quarter has had a positive impact on the Group's sales and revenue. Thus, the turnover of the Group of approximately HK\$162,345,000 for the second quarter in 2006 showed an increase of approximately of 46.45%, compared with the turnover of approximately HK\$110,855,000 for the first quarter.

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

- the world market volatility,
- the declining 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 farmgate to the final consumer.

These issues arise out of the way primary commodity markets are structured, function, and behave. Since at the core of the commodity problem is the struggle to bring global supply and demand into balance in the short as well as long-term, who produces what and at what cost is central to its resolution.

The Group is driven by a commercial approach which brings fresh thinking to our target markets. By careful selection of suppliers, we have created supply chain partnerships which deliver value and control costs.

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

Retirement Benefit Scheme

The Indonesian subsidiary of the Company, Nataki, is required to contribute to the Government's statutory insurance and retirement fund ("Jamsostek") 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 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.

In addition, based on Manpower Law of the Republic of Indonesia No.13 year 2003, it 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 for the allowance of such an obligation.

Related Party Transactions

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

Commitments

As at 30th June, 2006, the Group had no material capital commitments to be disclosed.

Contingent Liabilities

As at 30th June, 2006, the Group had no material contingent liabilities to be disclosed.

Capital Structure of the Group in Debt Securities

During the period ended 30th June, 2006, the Group had no debt securities in issue, similar to the corresponding period ended 30th June, 2005.

Significant Investments

As at 30th June, 2006, the Group had made no significant investments.

Charges on Group's Assets

As at 30th June, 2006, the Group did not have any charges on any of its assets.

Liquidity and Financial Resources

The Group's liquidity position improved during the first and second quarters of 2006. The Group mainly finances its operations and investment activities with internally generated cash flows.

As at 30th June, 2006, the Group had total cash and bank deposits of HK\$422,994,000. The Group did not have any bank loans.

Gearing Ratio

The gearing ratio was 0.18% as at 30th June, 2006 (31st December, 2005: 3.57%), representing total liabilities of HK\$936,000 (31st December, 2005: HK\$15,896,000) divided by total equity of HK\$509,353,000 (31st December, 2005: HK\$444,700,000).

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 Group for the six months ended 30th June, 2006.

Employee Information

As at 30th June, 2006 the Group had 71 (30th June, 2005: 72) full-time employees.

Exposure to Exchange Rate Fluctuations

During the period ended 30th June, 2006, 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 was conducted in US Dollars and IDR which were relatively stable during the period under review. The Group considered its exchange rate risks to be minimal and did not therefore employ any financial instruments for hedging purposes.

Migration to the Main Board

As stated in the announcement dated 12th July, 2005, the Company proposed to list its shares on the Main Board of the Stock Exchange by way of Introduction (the "Proposed Introduction"). The Company also informed the Stock Exchange of its intention to voluntarily withdraw the listing of its shares on GEM (the "Proposed Withdrawal") conditional upon, amongst other things, the approval of the application for the Proposed Introduction.

On 1st March, 2006 the Company successfully completed its migration process from GEM to the Main Board of the Stock Exchange and began its first day of trading on the Main Board of the Stock Exchange.

With this successful listing on the Main Board of the Stock Exchange, the Group will have many possibilities to expand its business in the future.

The Group is aware of the investments of competitors make in building their brands and continues to maintain a competitive position.

At the core of the business is trust in our suppliers, in our partners and in our own people, our measures to ensure that we make promises which we can keep thus earn and retain the trust of our customers. Building and maintaining a reputation for quality is our way of sustaining the long-term viability of our business.

SHARE OPTIONS

Pursuant to the written resolutions of the shareholders of the Company dated 20th November, 2003, two share option schemes namely, the Pre-IPO Share Option Scheme and the Old Share Option Scheme were adopted by the Company. 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, 2006, 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, 2006, options to subscribe for 56,000,000 shares in aggregate representing 5.83% 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, 2006 is as follows:-

Grantees	Vesting period	Exercisable period	Exercise price	Date of grant	Number of share options outstanding as at 1st January, 2006	Number of share options exercised/lapsed/cancelled during the period	Number of share options outstanding as at 30th June, 2006
Directors							
Mr. Rudi Zulifian	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
Mr. Johanas Herkiamto *	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							
Mr. Elfisno	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	20th November, 2003	12,000,000	-	12,000,000
Mr. Tiswan	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK\$0.01	20th November, 2003	12,000,000	-	12,000,000
					<u>56,000,000</u>	<u>-</u>	<u>56,000,000</u>

* Mr. Johanas Herkiamto retired as an executive director of the Company on 2nd June, 2006. Pursuant to the Pre-IPO Share Option Scheme, Mr. Johanas Herkiamto might exercise the 16,000,000 share options of the Company within a period of two months following the date of cessation of his employment. Mr. Johanas Herkiamto had not exercised any of such options upon the expiry of the said two-month period.

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

Save as disclosed below, as at 30th June, 2006, 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 the Model Code for Securities Transactions by Directors of Listed Issuers.

Long position in the ordinary shares of the Company

Name of Director	Nature of interest	Capacity	Number of ordinary shares in the Company	Percentage of the Company's issued share capital
Mr. Harmiono Judianto	Personal	Beneficial owner	456,400,000	47.54%

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

Name of Director	Nature of interest	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	Personal	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 as required to be disclosed by the Listing Rules have been disclosed in the above section headed "Share Options".

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, 2006 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, as at 30th June, 2006, 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 as recorded in the register as required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the substantial shareholder 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, 2006 and sales to the largest customer included therein amounted to approximately 28%. During the six months ended 30th June, 2006 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, 2006.

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

During the six months ended 30th June, 2006, 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.

COMPLIANCE ADVISER'S INTERESTS

As updated and notified by the Company's compliance adviser, First Asia Finance Group Limited ("First Asia"), as at 30th June, 2006 neither First Asia 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 compliance adviser agreement dated 30th December, 2005 entered with the Company, First Asia agreed to act as the Company's compliance adviser for the period commencing on the date of listing of the shares on the Main Board and ending on the date which the Company complies with The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in respect of its financial result for the first full financial year after the date of listing.

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 other relevant financial reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee of the Company comprises 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. The audit committee of the Company has reviewed the unaudited figures for the six months ended 30th June, 2006 prior to recommending such accounts to the Board for approval.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high 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 set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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, 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 non-compliance of the Written Guidelines was noted by the Company throughout the accounting period covered by the interim report.

USE OF PROCEEDS FROM THE PLACING IN DECEMBER 2003 AND FROM PREMIGRATION 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 Pre-Migration Placing in April 2005.

Set out below is the comparison of the Group’s actual use of proceeds for the period since its listing on GEM in December 2003 up to 30th June, 2006 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	Intended uses of Proceeds from Initial Public Offering in December 2003 <i>HK\$'000</i>	Intended use of proceeds from Pre-Migration Placing <i>HK\$'000</i>	Actual Application of the proceeds up to 30th June, 2006 <i>HK\$'000</i>
– 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	–	–
	<u>94,800</u>	<u>47,800</u>	<u>375</u>
Net fund raised/used	<u>94,800</u>	<u>47,800</u>	<u>375</u>

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 Director of the Company are Mr. Harmiono Judianto, Mr. Rudi Zulfian and Ms. Roseline Marjuki and the Independent Non-executive Directors of the Company are Ms. Novayanti, Mr. Gandhi Prawira, Ms. Goh Hwee Chow, Jacqueline and Ms Wang Poey Foon, Angela.

On behalf of the Board

Mr. Rudi Zulfian

Director

Jakarta, Indonesia, 22nd September, 2006