This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Placing Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Placing Shares are set out in the sections headed "Characteristics of GEM" and "Risk factors" in this prospectus. You should read those sections carefully before you decide to invest in the Placing Shares.

BUSINESS

Indonesia is currently the third largest producer of cocoa beans in the world. Capitalising on the abundant supply of quality cocoa beans in Indonesia, the Group has established itself as a major exporter of cocoa beans in terms of trading volume in Indonesia. According to INCA, for the year ended 31st December, 2002, the Group was the fourth largest exporter of cocoa beans in Indonesia. For each of the two years ended 31st December, 2002 and the eight months ended 31st August, 2003, the volume of cocoa beans exported by the Group amounted to approximately 16,380 tonnes, 23,920 tonnes and 24,470 tonnes, respectively, while the Group's turnover was approximately HK$145.2 million, HK$300.9 million and HK$352.0 million, respectively. The Group's products are one of the major raw materials used for the manufacture of a variety of food products including chocolate, beverages and cakes, and various pharmaceutical and cosmetic products such as soaps and moisturising creams.

Since January 2001, the Group has ceased sales to the domestic market and focused only on the export market. The Group currently sells its products to four established importers in Europe, namely Unicom in the Netherlands, ICBT in the UK, Orebi in France and Westermann in the Netherlands, who resell the products to other cocoa bean trading companies and cocoa processing and/or manufacturing companies in the US. In October 2002, the Group entered into the Sales Agreements with each of Unicom, ICBT and Westermann whereby these customers agreed to purchase an annual minimum of 12,000 tonnes, 9,000 tonnes and 7,000 tonnes of cocoa beans, respectively, from the Group for an initial term of three years. By the first anniversary of their respective Sales Agreements in October 2003, Unicom, ICBT and Westermann have respectively ordered approximately 16,600 tonnes, 12,700 tonnes and 10,100 tonnes of cocoa beans from the Group, which have exceeded their respective annual commitments under the Sales Agreements by approximately 38.3%, 41.1% and 44.3%.

For each of the two years ended 31st December, 2002 and the eight months ended 31st August, 2003, the Group sourced all of its cocoa beans directly from over 600, 800 and 1,100 farmers in Sulawesi, respectively. Sourcing from a diversified base of farmers allows the Group to: (i) better control the quality and price of its purchases; (ii) maintain a stable and reliable supply of its products; and (iii) increase its efficiency and cost effectiveness without going through intermediaries. The Directors consider that there are many farmers in Indonesia that can supply cocoa beans to the Group that meet its requirements. The Group has maintained good relationships with farmers and selects its suppliers based mainly on the availability of the cocoa beans that meet the quality and quantity as required by the Group.

The Group is one of the few purchasers in Indonesia which can provide farmers with a 50% advance payment for the purchase of cocoa beans. This is very important in dealing with the farmers since they will sell the better quality cocoa beans from their harvest and at a more competitive price to purchasers which can provide a meaningful advance payment. Given that the Group is one of the major exporters of cocoa beans in Indonesia and that it is able to provide farmers with an advance payment and place large purchase orders, the Group is able to source cocoa beans from farmers at more competitive prices.

The Group distinguishes itself from other cocoa bean traders in Indonesia by maintaining good relationships with 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 also assists farmers on an informal basis in improving the yield and quality of their cocoa bean harvests by arranging education and training sessions for the farmers on topics such as improved farming, harvesting and after-harvesting work methods including fermentation and drying techniques.

PRINCIPAL STRENGTHS

Major player in the cocoa bean trading industry in Indonesia

The Group has established itself as a major exporter of cocoa beans in terms of trading volume 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. On the basis that the Group's sales continue to increase and the Group has entered into the Sales Agreements in October 2002, the Directors believe that the Group will continue to be one of the largest exporters of cocoa beans in Indonesia in the foreseeable future. As the Group is one of the major exporters of cocoa beans in Indonesia and it is able to provide farmers with an advance payment, the Group is able to source cocoa beans from farmers at competitive prices.

Ability to source and sell cocoa beans at competitive prices

The Group is one of the few purchasers in Indonesia which provides farmers with a 50% advance payment for the purchase of cocoa beans. This is very important in dealing with the farmers since they will sell the better quality cocoa beans from their harvest and at a more competitive price to purchasers which can provide a meaningful advance payment. In addition, the Directors believe that the Group's ability to place large orders with farmers also enables the Group to obtain more competitive prices from the farmers. By purchasing quality cocoa beans at competitive prices, 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 very important to overseas customers as they source cocoa beans all over the world.

Good and stable relationships with a diversified base of farmers

The Group has been sourcing cocoa beans directly from farmers in Sulawesi, Indonesia, since the beginning of 2001. For each of the two years ended 31st December, 2002 and the eight months ended 31st August, 2003, the Group sourced from over 600, 800 and 1,100 farmers, respectively. The Directors consider that there are many farmers in Indonesia that can supply the cocoa beans to the Group that meet its requirements. Having direct access to such a diversified base of farmers allows the Group (i) to better control the quality and price of its purchases; (ii) to maintain a stable and reliable supply of its products; and (iii) to increase its efficiency and cost effectiveness without going through intermediaries. The Group has not experienced any difficulty in sourcing cocoa beans during the Track Record Period and does not expect any such difficulty in the foreseeable future. The Group's ability to make advance payments and place large orders enhances relationships between the Group and the farmers. Furthermore, the Group also maintains 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. Further, the Group assists farmers on an informal basis in improving the yield and quality of their cocoa bean harvests by arranging education and training sessions for the farmers on topics such as improved farming, harvesting and after-harvesting work methods including fermentation and drying techniques. The good and stable relationships with a diversified base of farmers allows the Group to source products with the required quantity and quality that meet customers' requirements.

Good and stable relationships with customers

The Group has maintained good and stable relationships with its overseas customers since it commenced business with them. Such good relationships have been evidenced by the Sales Agreements entered into between the Group and three of its customers, whereby 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, the Group has not experienced any customers' complaints or returned sales during the Track Record Period. The Directors believe that the Group's ability to provide its customers with export quality cocoa beans at attractive prices and its ability to provide quality, reliable service to these customers are very important since these customers are established cocoa product suppliers in Europe which source cocoa beans all over the world.

Stringent quality control systems

The Group's quality control staff are involved in performing on-site quality control inspections of the cocoa beans purchased at the farmers' warehouses. The Group's quality control staff also undertake regular quality control inspections at the Group's own warehouse and before shipment of products to customers. The Directors believe that the adoption of these stringent quality control procedures ensure that the quality of the cocoa beans sourced from the farmers meets the customers' requirements. During the Track Record Period, the Group did not experience any customers' complaints or returned sales.

Strong industry background of the senior management team

Mr. Judianto, Mr. Herkiamto and Mr. Zulfian have an average of over nine years of experience in the cocoa industry and possess good relationships with both customers and suppliers of cocoa beans. Their relationships and knowledge in the cocoa bean industry has enabled the Group to rapidly increase its sales and profitability. The Directors believe the Group can leverage on the expertise and business relationships of its senior management team to further develop its sales to existing customers and to diversify its customer base in both the overseas and domestic markets.

BUSINESS OBJECTIVES

It is the Group's objective to become a leading player in the Indonesian cocoa industry. 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. Given that the Group's sales have continued to increase since its establishment in December 1999 and the Group entered into the Sales Agreements in October 2002, the Directors believe that the Group will continue to be one of the largest exporters of cocoa beans in Indonesia in the foreseeable future. To achieve the goal of becoming a leading player in both the export and domestic markets in the Indonesian cocoa industry, the Group intends to expand its sales to existing customers and into the domestic market and also solicit new customers, in both the overseas and domestic markets. Building on its experience in the cocoa bean trading business, the Group intends to diversify into other cocoa-related business, such as cocoa processing operations.

STRATEGIES

Expansion of trading volume

Achieving a larger share of the existing customers' business

The Group's sales to each of its existing customers only accounted for a small portion of the respective total purchases of cocoa beans of these customers during the Track Record Period. Each of these customers purchases cocoa beans from a number of other major cocoa bean producing countries. Given that: (i) the Group has been able to meet these customers' requirements and has not experienced any customers' complaints or returned sales during the Track Record Period; and (ii) three of its customers have committed to purchase an aggregate annual minimum amount of 28,000 tonnes of cocoa beans from the Group under the Sales Agreements, the Directors consider that the Group is well-positioned to strengthen its relationships with these customers and to achieve a larger share of their business.

The Group's sales and marketing department has in the past taken a passive approach by waiting for overseas customers to place orders with the Group. When the overseas customers place orders with the Group, the Group and the customer will then agree on the selling price for that order. However, in order to achieve a larger share of the existing customers' business, the Group intends to: (i) regularly keep the customers abreast of the latest market developments in the Indonesian cocoa industry such as cocoa harvest and pricing information; (ii) adopt a more proactive approach by regularly calling its customers in relation to their purchase requirements; (iii) offer its customers more flexible credit terms; and (iv) consider offering its customers more competitive prices. In addition, the Group will also continue its stringent quality control and delivery systems in order to ensure that the Group can supply its customers with cocoa beans of the required quality and quantity.

Diversifying customer base in both overseas and domestic markets

In the past, the Group has not attended trade shows, exhibitions or conferences relating to the cocoa industry. The Group intends to procure more overseas customers by expanding its sales and marketing team to 25 staff and by attending trade shows, exhibitions and conferences relating to the cocoa industry, especially in the US, which is currently the largest importing region of Indonesian cocoa beans in the world, and in Indonesia. In addition, it will also develop sales in the domestic market by establishing relationships with the other cocoa bean traders and cocoa processing companies in Indonesia through its local sales and marketing team and the contacts and relationships of the senior management and executive Directors. Potential customers in the domestic market to be targeted include other cocoa bean traders and cocoa processing companies.

The development of sales to buyers in the domestic market will allow the Group to earn additional revenue and gain new market share. As the Group has secured a diverse and reliable source of cocoa bean supplies and is now sourcing cocoa beans directly from farmers, rather than through local traders as previously done when it last traded in the domestic market in 2000, the Directors believe that the future profits from domestic trading will be higher than in 2000. In addition, domestic buyers generally buy in smaller quantities than overseas buyers, and are easier to establish relationships with due to their proximity in terms of geographic location.

Expansion into other cocoa-related business

Capitalising on the Group's experience and business relationships in the cocoa industry, the Directors consider that diversifying into other cocoa-related business such as cocoa processing operations would be a natural extension of its existing operations. The Directors consider that the vertical integration of cocoa bean trading and other cocoa-related business such as cocoa processing operations will allow the Group to further establish itself as one of the leading players in the Indonesian cocoa industry. The Group intends to expand into other cocoa-related business through organic growth or, should the appropriate opportunity arise, through strategic merger or acquisition, alliance or other form of cooperation with partners whose strategy is complimentary to the Group's expansion strategy. Although it is the current intention of the Directors that the Group will establish the cocoa processing operations by setting up its own cocoa processing facilities through acquiring the necessary equipment, the Directors do not rule out the possibility of diversifying into cocoa processing operations by way of strategic merger or acquisition, alliance or other form of cooperation with partners whose strategy is complimentary to the Group's expansion strategy should the appropriate opportunity arise. However, no such partner has yet been identified and the Group has not entered into any negotiations in this respect.

The Directors currently intend to set up the cocoa processing operations in Sulawesi to be near the source of cocoa beans and also the new warehouse to be purchased or constructed there (see paragraph headed "Expansion of Warehouse Capacity" below). By (i) leveraging on the Group's position as one of the major exporters of cocoa beans in Indonesia and the strong industry experience and business relationships of Mr. Judianto, Mr. Herkiamto and Mr. Zulfian; and (ii) recruiting a team of staff with the necessary experience in cocoa processing operations, the Directors believe that the Group is well-positioned to expand into cocoa processing operations by either setting up its own operations, or setting up joint ventures, business co-operation or subcontracting arrangements with, or acquiring interests in, domestic or overseas cocoa processing companies. When the Group expands into cocoa processing operations, the Directors intend to recruit a team of staff with the necessary experience in cocoa processing.

As part of the implementation plan for expansion into cocoa processing operations, the Group will conduct market research and feasibility studies, including research and studies on the equipment required, suppliers of the required equipment and the markets for cocoa butter and cocoa powder. Acquisition of the equipment and assembling of the cocoa processing operations are expected to commence during the six months ended 30th June, 2004 and complete by 31st December, 2004. The Group intends to set up one production line with an expected processing capacity of an aggregate of approximately 10,000 tonnes of cocoa butter and cocoa powder per year. The necessary equipment includes, amongst other things, a cleaning plant, a winnower, an alkalizing system, a roasting machine, grinders, and a cocoa butter press. Such cocoa processing machinery will require approximately 15,000 to 20,000 sq.m. of factory area.

As part of the market research to be conducted, well-established buyers of semi-processed cocoa products such as cocoa butter and cocoa powder products in Europe and US will be identified and contacted and their requirements as to the potential quantity and quality of the products required will be obtained. Furthermore, additional staff with the relevant experience for establishing and operating the cocoa processing facilities and for the sales and marketing of cocoa butter and cocoa powder will also be recruited. In relation to sales and marketing, the Group intends to: (i) approach its existing customers, namely Unicom, ICBT, Orebi and Westermann to market its semi-processed cocoa products; and (ii) approach the independent organizations such as INCA, FCC and ICCO to obtain information relating to the buyers of such products including their buying patterns and requirements. Based on this information, the Group will identify additional suitable potential customers for its semi-processed cocoa products.

Expansion of warehouse capacity

In order to cope with the anticipated increase in the volume of its trading business, and the demand of cocoa beans from the new cocoa processing operations as set out above and to ensure that its cocoa beans are stored in a warehouse with proper hygienic and ventilation conditions, the Group will require additional and more advanced warehouse facilities for the storage of cocoa beans. The Group intends to increase its warehouse capacity by: (i) purchasing or constructing a warehouse in Sulawesi to replace its existing rented warehouse to cater for the export market and cocoa processing operations, depending on the availability of a suitable warehouse and the cost of purchasing as compared to the cost of constructing a warehouse; and (ii) purchasing or constructing a warehouse in Serang, Banten to cater for the domestic trading business, depending on the availability of a suitable warehouse and the cost of purchasing as compared to the cost of constructing a warehouse.

The warehouse planned to be purchased or constructed in Sulawesi is to cater to overseas customers since the cocoa beans can be transported more efficiently from the farmers to this warehouse in preparation for shipping at the port in Sulawesi. The warehouse will also supply cocoa beans required for the cocoa processing operations. The Directors envisage this warehouse will be equipped with better facilities than the existing warehouse leased by the Group, including a furnished office, a laboratory, a weight scale for trucks, better lighting, better ventilation, better hygienic conditions and prevention against flooding. The Directors regard cocoa trading and processing as a long-term business, therefore it is more appropriate for the Group to own its own warehouse which provides proper storage conditions for its cocoa beans.

The warehouse planned to be purchased or constructed in Serang, Banten is to cater to domestic cocoa trading companies and processing companies, which are concentrated in Java, and will assist the Group in developing sales in the domestic market. Having a warehouse in Serang, Banten will facilitate transportation of cocoa beans to these domestic customers and save transportation costs.

It is expected that the area of each of the two new warehouses in Sulawesi and Serang will be at least equal to or larger than the area of the Group's existing warehouse (which has a floor area of approximately 4,608 sq.m.). The warehouse in Sulawesi and in Serang, Banten are expected to be completed by the end of 2004 and 2005, respectively. The expected completion time of the warehouse in Sulawesi is intended to match with that of the Group's expansion into cocoa processing operations, which are also expected to be completed by the end of 2004. Before the warehouse in Serang Banten is completed, the Group will temporarily use the warehouse in Sulawesi to cater to domestic trading of cocoa beans.

SHAREHOLDINGS OF EXISTING SHAREHOLDERS FOLLOWING THE COMPLETION OF THE PLACING AND THE CAPITALISATION ISSUE

The interests of the existing Shareholders in the enlarged issued share capital of the Company immediately following completion of the Placing and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and before taking into account (i) any Shares to be issued pursuant to the exercise of any options which have been granted under the Pre-IPO Share Option Scheme and/or which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued by the Company pursuant to the general mandate referred to in Appendix V to this prospectus), the cost at which they acquired such interests and the relevant moratorium period are summarised as follows:

Name of Shareholder	Number of Shares immediately following completion of the Placing and the Capitalisation Issue *('000)*	Approximate percentage of shareholding immediately following completion of the Placing and the Capitalisation Issue	Date of acquisition of interest in Nataki	Approximate total cost of investment *(HK$'000)*	Approximate cost of investment per Share *(HK$)* *(Note 3)*	Moratorium period from the Listing Date
Initial Management Shareholder						
Mr. Judianto *(Note 1)*	456,400	57.05%	December 1999	67,841.42	0.15	12 months
Investors (Note 2)						
Mr. Rori Indra	8,400	1.05%	December 1999	1,248.62	0.15	6 months
Ms. Trianawati	8,400	1.05%	December 1999	1,248.62	0.15	6 months
Mr. Hosea Hadeli	7,840	0.98%	December 1999	1,165.37	0.15	6 months
Ms. Lina Kurniawan	7,840	0.98%	December 1999	1,165.37	0.15	6 months
Ms. Yenni	7,840	0.98%	December 1999	1,165.37	0.15	6 months
Ms. Ahsanil Gusnawati	7,280	0.91%	December 1999	1,082.13	0.15	6 months
Ms. Elvin Tjandra	7,280	0.91%	December 1999	1,082.13	0.15	6 months
Mr. Soleh Mamun	7,280	0.91%	December 1999	1,082.13	0.15	6 months
Mr. Basir B. Nasikun	7,280	0.91%	December 1999	1,082.13	0.15	6 months
Mr. Ari Surya	6,720	0.84%	December 1999	998.89	0.15	6 months
Mr. Nurochim	6,720	0.84%	December 1999	998.89	0.15	6 months
Mr. Syahrul	6,160	0.77%	December 1999	915.65	0.15	6 months
Mr. Ewik Hendri	5,600	0.70%	December 1999	832.41	0.15	6 months
Ms. Shinta Sanjaya Ismael	5,040	0.63%	December 1999	749.17	0.15	6 months
Mr. Hazriyandi	3,920	0.49%	December 1999	582.70	0.15	6 months
	560,000	70.00%		83,241.00		

Notes:

1. Mr. Judianto is an executive Director and is the Initial Management Shareholder. Mr. Judianto has undertaken to the Company, the Sponsor, the Lead Manager (for itself and on behalf of the Underwriters) and the Stock Exchange that for a period of 12 months from the Listing Date, he shall not, and shall procure that none of his associates, companies controlled by him or his associates or any nominees or trustees holding in trust for him shall, save in circumstances permitted by Rule 13.18 of the GEM Listing Rules or by the Stock Exchange, sell, transfer or otherwise dispose of or create any rights (or enter into any agreement to do any of the foregoing) or permit the registered holder to sell, transfer or dispose of or create any rights (or to enter into any agreement to do any of the foregoing) in respect of any of his interest in the Securities or sell, transfer or otherwise dispose of (or enter into any agreement to do any of the foregoing) any interest in any shares in any company controlled by him which is directly, or through another company indirectly, the beneficial owner of any Securities.

2. Each of the Investors became interested in the Group when Mr. Judianto required additional funds to acquire a 95% interest in Nataki in 1999. They are each independent of and not connected with each other, any of the Directors, Mr. Mulya or any of their respective associates. They have no management role in the Group and are regarded as members of the public. Each of the Investors has voluntarily undertaken to the Company, the Sponsor, the Lead Manager (for itself and on behalf of the Underwriters) and the Stock Exchange that for a period of 6 months from the Listing Date each of the Investors shall not, and shall procure that none of his/her associates, companies controlled by him/her or his/her associates or any nominees or trustees holding in trust for him/her shall, save in circumstances permitted by Rule 13.18 of the GEM Listing Rules, sell, transfer or otherwise dispose of or create any rights (or enter into any agreement to do any of the foregoing) or permit the registered holder to sell, transfer or dispose of (or to enter into any agreement to do any of the foregoing) any of his/her direct or indirect interest in the Securities or sell, transfer or otherwise dispose of (or enter into any agreement to do any of the foregoing) any interest in any shares in any company controlled by him which is directly or through another company indirectly, the beneficial owner of any Securities.

3. The approximate cost of investment per Share is derived from the sum of investment cost made by each Shareholder since he or she first acquired an interest and the subsequent investment made by the Shareholder in August 2002, whether directly or indirectly, in a member of the Group.

Further particulars of the shareholding structure of the Company immediately after completion of the Placing and the Capitalisation Issue are set out in the paragraph headed “Group structure” in the section headed “General overview of the Group” in this prospectus.

TRADING RECORD

The following is a summary of the Group's combined audited results for the Track Record Period which has been extracted from the Accountants' Report set out in Appendix I to this prospectus. The combined audited results were prepared on the assumption that the current structure of the Group had been in existence throughout the Track Record Period and in accordance with the basis set out in section 1 of the Accountants' Report contained in Appendix I to this prospectus.

		Year ended 31st December,		Eight months ended 31st August,
		2001	2002	2003
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Turnover		145,153	300,947	351,974
Cost of sales		(115,771)	(236,580)	(274,179)
Gross profit		29,382	64,367	77,795
Other income		344	644	1,373
Selling and distribution expenses		(695)	(1,073)	(1,248)
General and administrative expenses		(625)	(1,212)	(1,360)
Net exchange loss	1	(11,377)	(1,972)	(3,276)
Profit from operations		17,029	60,754	73,284
Finance costs		(4,741)	(6,474)	(1,776)
Impairment losses of fixed assets	2	(9)	—	—
Profit before taxation		12,279	54,280	71,508
Taxation	3	(4,009)	(16,561)	(21,364)
Profit after taxation		8,270	37,719	50,144
Minority interests	4	—	—	(2,507)
Profit attributable to Shareholders		8,270	37,719	47,637
Earnings per Share				
Basic, HK cents	5	1.5	6.7	8.5
Diluted, HK cents	6	1.3	6.1	7.7

Notes:

1. The exchange loss for the year ended 31st December, 2001 was mainly due to the exchange loss arising from the US dollar-denominated loan advanced to the Group pursuant to the Loan Agreement. Such loan was converted into a IDR-denominated loan in December 2001. For the year ended 31st December, 2001, the exchange loss attributable to the US dollar-denominated loan was approximately HK$10.2 million. The balance of the exchange loss of approximately HK$1.2 million resulted from the trading operations of the Group. The net exchange loss of approximately HK$2.0 million for the year ended 31st December, 2002 resulted mainly from the trading operations of the Group and a foreign currency deposit. The net exchange loss of approximately HK$3.3 million for the eight months ended 31st August, 2003 resulted mainly from the trading operations of the Group.

2. The Directors carried out an impairment review of the carrying values of the land use rights and land and buildings as at 31st December, 2001 with reference to the open market values as at that date.

3. During the Track Record Period, all of the Group's profits were derived from Nataki which is incorporated and operated in Indonesia. No provision for Hong Kong profits tax has been made in these financial statements as the Group has no assessable profits for the Track Record Period. No provision for Indonesian corporate income tax has been made for the two years ended 31st December, 2002 as Nataki had no net taxable income after offsetting against available tax losses brought forward and taxation in the combined income statements for the two years ended 31st December, 2002 represents the tax charge transferred from deferred taxation. For the eight months ended 31st August, 2003, taxation in combined income statements represents a provision for Indonesian corporate income tax of approximately HK$16.4 million and a net tax charge transferred from deferred taxation of approximately HK$4.9 million. Further details of the taxation during the Track Record Period are set out in note 8 to the Accountants' Report in Appendix I to this prospectus.

4. Minority interests in the combined income statement represent the net amount of the minority's share of current year's profit less its share of losses previously unabsorbed. In accordance with accounting policy note 2(k) to the Accountants' Report in Appendix I to this prospectus, losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered. All the minority's share of losses previously unabsorbed had been fully recovered during the year ended 31st December, 2002.

5. The calculation of basic earnings per Share is based on the Group's combined profit for the Track Record Period and the assumption that a total of 560,000,000 Shares had been in issue during the Track Record Period.

6. Diluted earnings per Share for the Track Record Period are based on the Group's combined profit attributable to Shareholders and on the assumption that 614,755,556 Shares have been in issue during the Track Record Period. The number of Shares used in the calculation comprised 560,000,000 Shares referred to above and 54,755,556 Shares that are deemed to have been issued at no consideration on the deemed exercise of the options granted under the Pre-IPO Share Option Scheme as referred to in the paragraph headed "Share Option Schemes" in Appendix V to this prospectus, but takes no account of any Shares to be issued pursuant to the exercise of the Over-allotment Option, any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued by the Company pursuant to the general mandate referred to in Appendix V to this prospectus.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Directors believe that the listing of the Shares on GEM will enhance the Group's profile and the proceeds from the Placing will expand its capital base for the Group's future growth and development. The net proceeds from the Placing (assuming that the Over-allotment Option is not exercised) after deduction of the related expenses are estimated to be approximately HK$94.4 million. The Directors currently intend to use such net proceeds as follows:

— approximately HK$62.7 million for expanding into other cocoa-related business;

— approximately HK$27.6 million for increasing the Group's warehouse capacity, of which approximately HK$17.7 and HK$9.9 million will be used for acquiring or constructing a warehouse in Sulawesi and at Serang, Banten, respectively;

— approximately HK$0.6 million for marketing activities aimed at expanding the Group's trading business; and

— the balance of approximately HK$3.5 million for additional working capital required for the anticipated increase in business volume of the Group.

Should the Over-allotment Option be exercised in full, the Company will receive additional net proceeds in the amount of approximately HK$15.6 million. The Directors intend to allocate the additional net proceeds raised from the exercise of the Over-allotment Option in full to the different uses mentioned above on a pro-rata basis.

To the extent that the net proceeds of the Placing are not immediately required for the above purposes, it is the present intention of the Directors that they will be placed on short term deposits with financial institutions.

The Directors believe that the net proceeds from the Placing together with the Group's internally generated cash flow will be sufficient to finance the Group's business plans up to 31st December, 2005 as described in the section headed "Business objectives and implementation plans" in this prospectus. In the event that any part of the business objectives and future plans of the Group does not materialise or proceed as planned, the Directors will evaluate carefully the situation and may reallocate the intended funding to other business plans and/or to new projects and/or to hold the funds as short term deposits so long as the Directors consider such action to be in the best interests of the Group. Should there be any material modification to the use of proceeds as set out above, the Company will make an announcement to such effect.

FORECASTS FOR THE YEAR ENDING 31ST DECEMBER, 2003

Forecast combined profit after taxation and minority interests but before extraordinary items of the Group *(Note 1)* . . . . not less than HK$80 million

Forecast earnings per Share

(a) pro forma fully diluted *(Note 2)* . . . . HK9.8 cents

(b) weighted average *(Note 3)* . . . . HK13.8 cents

PLACING STATISTICS

Placing Price . . . . HK$0.45

Market capitalisation *(Note 4)* . . . . HK$360 million

Prospective price/earnings multiple

(a) pro forma fully diluted *(Note 5)* . . . . 4.6 times

(b) weighted average *(Note 6)* . . . . 3.3 times

Adjusted net tangible asset value per Share *(Note 7)* . . . . HK25.8 cents

Notes:

1. The bases and assumptions on which the forecast combined profit after taxation and minority interests but before extraordinary items for the year ending 31st December, 2003 has been prepared are set out in Appendix II to this prospectus.

2. The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast combined profit after taxation and minority interests but before extraordinary items of the Group for the year ending 31st December, 2003, assuming that: (i) the Company had been listed since 1st January, 2003 and a total of 800,000,000 Shares had been in issue throughout the year and (ii) the options granted under the Pre-IPO Share Option Scheme had been exercised on 1st January, 2003, but takes no account of (i) any Shares to be issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; or (iii) any Shares which may be allotted and issued by the Company pursuant to the general mandate referred to in Appendix V to this prospectus. For the purpose of this calculation, the forecast combined profit after taxation and minority interests but before extraordinary items of the Group for the year ending 31st December, 2003 has been adjusted to take into account the interest income that would have been earned if the net proceeds of the Placing (before the exercise of the Over-allotment Option) had been received on 1st January, 2003 and held on deposit thereafter, based on an interest rate (net of tax) of 4.4% per annum during the year ending 31st December, 2003.

3. The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast combined profit after taxation and minority interests but before extraordinary items of the Group for the year ending 31st December, 2003 and the weighted average number of approximately 580,000,000 Shares expected to be in issue during the year, but takes no account of (i) any Shares to be issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares to be issued pursuant to the exercise of any options which have been granted under the Pre-IPO Share Option Scheme and/or which may be granted under the Share Option Scheme; or (iii) any Shares which may be allotted and issued by the Company pursuant to the general mandate referred to in Appendix V to this prospectus.

4. The calculation of the market capitalisation is based on 800,000,000 Shares to be in issue immediately after completion of the Placing and the Capitalisation Issue which does not include (i) any Shares to be issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares to be issued pursuant to the exercise of any options which have been granted under the Pre-IPO Share Option Scheme and/or which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued by the Company pursuant to the general mandate referred to in Appendix V to this prospectus.

5. The prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share on a pro forma fully diluted basis of approximately HK9.8 cents for the year ending 31st December, 2003 and the Placing Price.

6. The prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weighted average basis of approximately HK13.8 cents for the year ending 31st December, 2003 and the Placing Price.

7. The adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the paragraph headed "Adjusted net tangible assets" under the section headed "Financial information" in this prospectus and on the basis of 800,000,000 Shares to be in issue immediately after completion of the Placing and the Capitalisation Issue but takes no account of (i) any Shares to be issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares to be issued pursuant to the exercise of any options which have been granted under the Pre-IPO Share Option Scheme and/or which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued by the Company pursuant to the general mandate referred to in Appendix V to this prospectus.

   If the options under the Pre-IPO Share Option Scheme are exercised in full, the adjusted net tangible asset value per Share will be approximately HK25.8 cents.

   If the Over-allotment Option is exercised in full, the adjusted net tangible asset value per Share will be approximately HK27.7 cents.

RISK FACTORS

There are certain risks and considerations relating to an investment in the Placing Shares. These can be categorised into risks that relate to (i) the Group and its businesses; (ii) the industry; (iii) Indonesia; and (iv) the Shares. These risk factors and considerations are contained in the section headed "Risk factors" in this prospectus and are summarised as follows:

The Directors consider the business of the Group to be subject to a number of risk factors which can be categorised as follows:

Risks related to the Group and its businesses

- Reliance on export sales of cocoa beans
- Expansion into new businesses
- Limited client base
- Natural disaster
- Limited operating and profit history under the current ownership and management
- Renewals of permits and business licenses
- Implementation of business plans and strategies
- Reliance on key personnel
- Storage and transportation of cocoa beans
- Shipment of the Group's products
- Insurance
- Credit risks of farmers
- Dividend policy
- Unconfirmed tax position of the Group
- Protection against breach of the Sales Agreements by customers
- Exposure to fluctuations of foreign exchange rates and currency conversion risks

Risks related to the industry

- Competition
- Price fluctuations of cocoa beans
- Weather conditions and natural disasters

Risks related to Indonesia

- Economic, social and political considerations
- Possible future restrictions on foreign ownership
- Tax on dividend distributions
- Risks relating to terrorist attacks and civil unrest

Risks related to the Shares

- Marketability and possible price volatility of the Shares
- Dilution of Shareholders' interests in the Company and public float through the exercise of options under the Pre-IPO Share Option Scheme