Prospective investors should consider carefully all of the information set out in this prospectus and, in particular, the following risks associated with an investment in the Company before making an investment decision in relation to the Placing.

RISKS RELATED TO THE GROUP AND ITS BUSINESSES

Reliance on export sales of cocoa beans

All of the Group's turnover was derived from the export sales of cocoa beans during the Track Record Period. Although the Group has entered into the Sales Agreements with each of Unicom, ICBT and Westermann whereby these customers have agreed to purchase from the Group an aggregate annual minimum amount of 28,000 tonnes of cocoa beans for an initial term of three years commencing from October 2002, the Group's financial performance may be adversely affected if the Group is unable to source the cocoa beans with the required quantity and quality that meet customers' requirements.

Expansion into new businesses

The Group intends to expand into other cocoa-related businesses such as cocoa processing operations and intends to allocate approximately HK$62.7 million (representing approximately 66.4% of the total net proceeds from the Placing) to the development of such businesses. There is no guarantee that the Group will be able to enter into such new business areas, either profitably or at all. In addition, the Group's management has limited experience of managing and operating such new business operations. In the circumstances where the Group is either unable, or unable successfully, to enter into such new business operations, the profitability of the Group may be adversely affected.

Limited client base

The Group currently sells its products to four customers: Unicom, ICBT, Westermann and Orebi. To ensure a continuous flow of business from its customers, the Group has entered into the Sales Agreements with each of Unicom, ICBT and Westermann for an initial term of three years commencing from October 2002. Under these Sales Agreements, each of Unicom, ICBT and Westermann has agreed to purchase from the Group a minimum amount of cocoa beans every year. However, as set out under the risk factor "Protection against breach of the Sales Agreements by customers", there is no provision providing for any specified remedies in respect of failure to meet the annual minimum purchase requirements by the customers. The Sales Agreements were entered into between the Group and the three customers for the purpose of formalising the relationships between them and to ensure a continuous flow of business from the customers. The annual minimum purchase amount was determined based on the projected purchases of each of the three customers for the next three years. The following table sets out the contribution to the Group's sales by each of Unicom, ICBT, Orebi and Westermann during the Track Record Period:

Name	Contribution to the Group's turnover For the year ended 31st December, 2001	For the year ended 31st December, 2002	For the eight months ended 31st August, 2003
Unicom	37.1%	37.4%	38.8%
ICBT	31.7%	32.8%	26.9%
Orebi	31.2%	21.1%	11.3%
Westermann *(Note)*	—	8.7%	23.0%
	100.0%	100.0%	100.0%

Note: The Group commenced sales to Westermann in October 2002.

Should any of these four customers cease its business relationship with the Group and the Group be unable to find alternative customers, the profitability of the Group may be adversely affected.

Natural disaster

The Group purchases all of its cocoa beans from farmers in Sulawesi, Indonesia. The supply and the price of Indonesian cocoa beans can be adversely affected by a number of factors outside the control of the Group including, inter alia, drought, floods, diseases, and pests. For the eight months ended 31st August, 2003, the Group sourced its cocoa beans from over 1,100 farmers. Should Sulawesi be hit by a natural disaster, it is likely that the cocoa plantations in the area would be affected. A prolonged interruption or shortage in the supply of cocoa beans in Sulawesi would have a material adverse effect on the Group's operations.

Limited operating and profit history under the current ownership and management

The Group has a limited operating and profit history for prospective investors to evaluate its business and prospects. The Group under its current ownership and management commenced business in December 1999 and recorded a profit of approximately HK$8.3 million, HK$37.7 million and HK$47.6 million for each of the two years ended 31st December, 2002 and the eight months ended 31st August, 2003, respectively. The Directors consider that such increase in the Group's profit is attributable primarily to the Group's business strategies, demand for the Group's products and general cocoa market conditions. However, due to the Group's limited operating history, its business strategy is unproven and the Directors cannot be certain that the Group will achieve its business objectives or that the Group will be able to maintain its existing level of operations or manage a sufficient level of growth in its business. Should the Group fail to achieve its business objectives or continue to implement its business strategies in the future, or should the demand for the Group's products decline in the future, the Group's profitability may be adversely affected.

Renewals of permits and business licenses

The Group has successfully obtained all requisite permits and business licenses for the trading of cocoa beans for the export market. In July 1997, the Group through Nataki obtained the business licence to conduct domestic trading, export and import. In August 2002, pursuant to the introduction of Dickinson as a foreign shareholder, Nataki changed its status from an ordinary limited liability company to a foreign investment company under the Indonesian Foreign Investment Law and in that month, the Group through Nataki obtained a temporary licence as a foreign investment company for export and import. In October 2002, the Group, through Nataki, obtained a permanent business licence for export and import which was valid for 30 years from July 1997. In November 2002, the Group obtained approval from BKPM for expansion of its business activities to include wholesale to the domestic market in addition to export and import. Should the Group be unable to renew such permits and business licences upon expiration, the Group's operations will be adversely affected.

Implementation of business plans and strategies

Details of the Group's business plans and strategies are set out in the section headed "Business objectives and implementation plans" in this prospectus. The Directors prepared the business plans after due consideration of, among other things, their perception of the future prospects of the cocoa industry and the ability of the Group to maintain its competitive advantages. Successful implementation of such business plans depends upon a number of factors, including the availability of funds and the Group's competitive advantages over its competitors. There is no assurance that such business plans could be successfully implemented in the future. Should there be any material adverse changes to the Group's operating environment which may result in the Group's failure to implement any of the business plans, the Group's operations and profitability may be adversely affected.

Reliance on key personnel

The Group's success is significantly attributable to the expertise and experience of the Directors, its senior management team and key employees and their good relationships with farmers in Indonesia and overseas customers. Should any of the Directors and these senior management team members and key employees cease to be involved in the Group's operations in the future, the Group's operations and profitability may be adversely affected.

Storage and transportation of cocoa beans

Cocoa beans are perishable goods. They must be stored or transported under specific conditions in terms of ventilation, room temperature, humidity, exposure to sunlight and certain other room conditions. If they are not stored or transported under suitable conditions, there is the risk of infestation and decay. In addition, there is the risk of damage from fire, water, or theft during storage or transportation. Should the Group's inventory of cocoa beans be stolen or damaged by infestation, decay, fire or water during storage or transportation, the Group's operations and profitability may be adversely affected.

Shipment of the Group's products

During the Track Record Period, all of the Group's sales were made to overseas markets by shipping the cocoa beans from the Group's warehouse to customers' designated destinations and all such shipment was made on a "free-on-board" basis from the shipping port in Indonesia. Under this arrangement, the Group's customers are responsible for the costs of the shipment, loss or damage during shipment and insurance in connection with the transportation from the shipping port in Indonesia. However, should there be any interruption to the shipment of the Group's products or there is loss or damage to the cocoa beans during transportation from the Group's warehouse to the shipping port in Indonesia, the Group's operations and its financial performance may be adversely affected.

Insurance

The Group's insurance policy covers damage or loss to cocoa beans during storage in the warehouse. The Group currently carries insurance coverage of US$1.5 million which is insufficient to cover the Group's maximum inventory position representing two months' sales volume and the inventory balance of approximately HK$19.9 million as at 31st August, 2003. Should there be a loss or damage of inventory which is not covered by the Group's insurance policy, the Group's operations and profitability will be affected.

Credit risks of farmers

The Group is one of the few purchasers in Indonesia which provide farmers with a 50% advance payment for their purchases. The Group has not experienced any failure by the farmers to deliver the cocoa beans purchased by the Group following the payment of the 50% advance payment during the Track Record Period. Should the farmers fail to deliver the cocoa beans purchased by the Group following the payment of such 50% advance payment, the Group's operations may be adversely affected.

Dividend policy

Although it is the Company's current intention to recommend annually the distribution to Shareholders of no less than 30% of the Company's distributable annual earnings as dividends commencing in 2004 for the year ending 31st December, 2003, there is no assurance that such dividend rate can be achieved or maintained, or that a dividend will be paid at all. The amount of dividends to be declared will be subject to, among others, the discretion of the Directors and the Group's earnings, financial conditions, cash requirements and availability and other relevant factors.

Unconfirmed tax position of the Group

The tax regulations in Indonesia adopts a "self-assessment" system. The tax authority does not normally confirm the self-assessment of a taxpayer; however it has the right to issue an assessment on the taxpayer within 10 years, if, after an audit, it considers that the taxpayer has not self-assessed the correct amount or if no tax return has been lodged. However, an assessment can be issued after expiry of 10 years if the taxpayer has committed a criminal act. According to note 8(a) to the Accountants' Report in Appendix I to this prospectus, as at 31st December, 2001 and 2002, Nataki had estimated unutilised tax losses amounting to approximately IDR81 billion (equivalent to approximately HK$61 million) and IDR17 billion (equivalent to approximately HK$15 million) respectively which were derived from the self-assessment of Nataki and have not been confirmed by the tax authority. Should the above tax losses be subsequently disagreed by the tax authority, the Group's tax position and liability may be adversely affected.

Protection against breach of the Sales Agreements by customers

Under the Sales Agreements, each of Unicom, ICBT and Westermann has agreed to purchase from the Group an aggregate annual minimum amount of 28,000 tonnes of cocoa beans for an initial term of three years commencing from October 2002. The Sales Agreements do not provide for any specific remedy on any failure by such customers to purchase the minimum aggregate annual amount of cocoa beans. In the circumstances where any of the customers fail to purchase the annual minimum amount of cocoa beans stated in the Sales Agreements, the profitability of the Group may be adversely affected.

Exposure to fluctuations of foreign exchange rates and currency conversion risks

The Group is subject to exchange rate risks since its sales are denominated in US dollars while its purchases are made in IDR. The Group's customers generally place purchase orders in US dollars approximately two months before the designated shipment time. Following receipt of the orders from customers, the Group will source from farmers to fulfil customers' requirements in IDR if such orders are not covered by the inventory maintained by the Group. Normally, inventory on-hand is insufficient and to fulfill all of the customer's purchase order and the Group will source the cocoa beans from the farmers within a few weeks after receiving the customer's purchase order. Farmers normally deliver the cocoa beans to the Group within a few days to a month after the Group place the purchase orders with them. Cocoa beans are stored in the Group's warehouse following delivery by the farmers until they are shipped to the customers at the designated shipment time as specified in the customers' purchase orders. The Group then receives payment from the customers approximately one month after the goods are shipped. Because there is a time lag between the time the Group pays for the goods in IDR and the time when the Group receives its US dollar receipts, the Group is subject to risks arising from the fluctuations in the IDR/US dollar exchange rate. The financial statements of Nataki are prepared in IDR which is also its functional currency.

The Group obtained a US dollar-denominated unsecured loan of US$30 million in October 1999. The outstanding amount of the loan, in the amount of US$16 million, was converted to IDR in December 2001. For the year ended 31st December, 2001, the Group incurred an exchange loss of approximately HK$10.2 million as a result of the conversion of the loan into IDR. For the year ended 31st December, 2002, the Group incurred an exchange gain of approximately HK$1.5 million as a result of the settlement in September 2002 of the outstanding US dollar-interest accrued for the period before the unsecured loan was converted to IDR. Should the Group obtain further loans denominated in foreign currencies, the Group's profitability may be adversely affected as a result of any possible exchange loss arising from the foreign currency denominated loans.

According to the IDR/US dollar exchange rates quoted by Bank Indonesia (the Central Bank of Republic of Indonesia), the IDR/US dollar exchange rates fluctuated significantly during the Track Record Period. IDR depreciated against US dollar from approximately 9,450 to approximately 11,675 during the period from January to April 2001 and rebounded to approximately 8,865 by August 2001. Since then, the depreciation of IDR against US dollar resumed and the IDR/US dollar exchange rate settled at approximately 10,400 at the end of 2001. During the first half of 2002, IDR appreciated against US dollar from approximately 10,400 to approximately 8,730. Thereafter, no significant fluctuation occurred during the second half of 2002. During the eight months ended 31st August, 2003, the IDR/US dollar exchange rate ranged between approximately 9,200 and 8,200 and settled at approximately 8,535 as at 31st August, 2003. There is no assurance that the IDR/US dollar exchange rates will move in favour of the Group in the future and any unfavourable movements of the exchange rates may have adverse effects on the Group's profitability. During the Track Record Period, the Group has not entered into any agreement or purchased any instrument to hedge against fluctuations in foreign exchange rates and has incurred foreign exchange losses from trading operations of approximately HK$1.2 million, HK$3.5 million and HK$3.1 million, respectively.

In addition, although the Group currently is able to convert IDR into foreign currency for the purpose of dividend distributions there is no guarantee that the Indonesian government will not introduce more restrictive foreign exchange measures that could adversely affect the Group's ability to convert IDR into foreign currencies and/or to distribute foreign currency dividends.

RISKS RELATED TO THE INDUSTRY

Competition

The international cocoa bean trading industry is competitive with numerous suppliers both in and outside Indonesia. Cocoa bean traders in Indonesia face competition from other traders in Indonesia and from other major cocoa bean exporting countries such as Cote d'Ivoire and Ghana. If the Group is unable to react to changing market conditions and maintain its competitive position, the Group's prospects and profitability will be adversely affected.

Price fluctuations of cocoa beans

Both the Group's selling and purchase prices are determined at the time when purchase orders are made by customers with the Group and the Group with the farmers respectively, with reference to, amongst other things: (i) the then prevailing US dollar-denominated prices of cocoa beans as quoted on the NYCSCE, (ii) the ability to provide the farmers with a meaningful advance payment; (iii) the climate in Indonesia since this affects the supply and quality of the cocoa crop; and (iv) the size of the purchase. The Group's customers generally place purchase orders approximately two months before the designated delivery time. Following receipt of the orders from customers, the Group will source from farmers to fulfil customers' requirements if such orders are not covered by the inventory maintained by the Group. Normally, inventory on-hand is insufficient to fulfill all of the customer's purchase order and the Group will source the cocoa beans from the farmers within a few weeks after receiving the customer's purchase order. Because there is a time lag of a few weeks between the time when the customer places the purchase order to the Group and the Group places the purchase orders to the farmers, the Group is subject to risks arising from fluctuations in cocoa bean prices within these few weeks.

Since the Group effectively earns a margin between the selling and purchase prices, both of which are determined with reference to, inter alia, the price quoted on the NYCSCE, the absolute amount of the Group's gross profit and hence its profitability will decrease as prices of cocoa beans quoted on the NYCSCE decrease, all other factors being equal.

Weather conditions and natural disasters

Harvests of cocoa beans, including the size and quality of the harvest, are affected by weather conditions such as heavy rain and typhoons. Prolonged periods of bad weather and/or the occurrence of other natural disasters may affect harvests of cocoa beans in Sulawesi and hence the ability of the Group to source the cocoa beans with the required quantity and quality to meet customers' requirements. Accordingly, the financial position and the profitability of the Group may be adversely affected.

RISKS RELATED TO INDONESIA

Economic, social and political considerations

The Group currently derives all of its turnover from its Indonesian operations and the Group's principal assets and operations are also based in Indonesia. The Group's operations are based in Indonesia and in general are subject to Indonesian laws and regulations and the operation of the legal system in Indonesia, the application of which may be uncertain. Indonesia has in the past few years experienced significant economic downturns, social instability and related difficulties. In addition, Indonesia has also experienced various degrees of political and social uncertainty. Any instability in the political, social and/or economic environment in Indonesia may have an adverse effect on the operations and income of the Group and the Group's profitability may also be affected. A change in currency exchange rates or policy could increase the Group's costs relative to its revenues and may have an adverse effect on the Group's business, operating results and financial condition.

Possible future restrictions on foreign ownership

The Group is subject to the laws and regulations relating to, amongst other things, foreign investment in Indonesia. If the Group violates any applicable laws or regulations or fails to comply with the terms and conditions of any authorisation, action may be taken by the relevant regulatory authorities which may be detrimental to the Group's business. Certain of the Group's approvals are of a fixed duration, including its foreign investment approval which has an initial duration of 30 years, and there is no guarantee that such approvals will be renewed after the expiry of their initial terms.

In Indonesia, there are currently no restrictions for foreign investors to invest in companies that are engaged in the export sales and/or wholesale of cocoa beans to the domestic market and/or cocoa processing operations. The introduction of any new laws and regulations or changes to any existing laws and regulations that make it more restrictive for foreign investors to invest in companies engaged in such business activities may have an adverse impact on the business of the Group. The Group may be in breach of any such new laws and regulations and may have to procure that the Shareholders divest themselves of their Shares to Indonesian parties. In addition, should more restrictive new laws and regulations be introduced, it might be difficult for the Group to finance itself through foreign investors.

Furthermore, there are other legal restrictions and procedures which foreign investors have to comply with when investing in Indonesia or in Indonesian companies. While the Group has complied with all of these regulations, there is no assurance that these regulations will not be changed in the future or their interpretation or enforcement varied. Should these changes materialise to the detriment of the Group, the Group's operations may be adversely affected.

Tax on dividend distributions

Pursuant to prevailing tax legislation, dividend distributions by Nataki to its shareholder, Setimuly (being an entity incorporated in Mauritius), are currently subject to an effective tax rate of 8%, comprising a withholding tax of 5% on gross dividends (to be paid by Nataki to the Indonesian government) and an effective income tax of 3% on gross dividends (to be paid by Setimuly to the Mauritius government). Should the withholding tax rate or effective income tax rate increase as a result of a change in the tax legislation, the net amount of dividends to be received by the Company and thus the amount of profit available for distribution to the Shareholders through the Group's dividend distributions will be adversely affected.

Risks relating to terrorist attacks and civil unrest

The bombings in Jakarta and Bali and the civil unrest in Aceh may have significant economic effects in Indonesia. There is no assurance that there will not be any significant direct or indirect effects on the Group. If the political and economic conditions of Indonesia are adversely affected as a result of further terrorist attacks and civil unrest, the operating results of the Group may be adversely affected.

RISKS RELATED TO THE SHARES

Marketability and possible price volatility of the Shares

Prior to the Placing, there has been no public market for any of the Shares. The Placing Price has been determined by the Company and the Underwriters and may not be indicative of the price at which the Shares will trade following the completion of the Placing. Furthermore, there can be no assurance that an active trading market for the Shares will develop, or, if it does develop, that the market price of the Shares will not fall below the Placing Price.

The marketability and price volatility of the Shares are affected by various factors, including:

- investors' perceptions of the Group;

- investors' perceptions of investments in Indonesia;

- products and services development of the Group's competitors;
- fluctuations of cocoa price;
- fluctuations of exchange rates;
- overall development of GEM as a stock market; and
- general economic and other factors.

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

The Group has in place the Pre-IPO Share Option Scheme under which options in respect of 56,000,000 Shares were outstanding as at the Latest Practicable Date, details of which are set out in the paragraph headed "A summary of the principal terms of the Pre-IPO Share Option Scheme" in Appendix V to this prospectus. All of these options were granted at an exercise price equal to the par value of HK$0.01 per Share. The Group has also in place the Share Option Scheme and, as at the Latest Practicable Date, no options have been granted under the Share Option Scheme as set out in the paragraph headed "A summary of the principal terms of the Share Option Scheme" in Appendix V to this prospectus.

The full exercise of all of these options granted under the Pre-IPO Share Option Scheme would result in the issue of 56,000,000 Shares, representing approximately 7% of the issued share capital of the Company immediately following listing (and taking 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). This would result in a reduction in the percentage ownership of the Shareholders and may result in dilution in the assets and earnings per Share. In addition, the Company is able to issue further options under the Share Option Scheme amounting up to a maximum of 10% of the issued share capital of the Company as at the Listing Date, provided that the limit of the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company (including the Pre-IPO Share Option Scheme) must not exceed 30% of the number of Shares in issue from time to time.

Particulars of the outstanding options granted are set out below:

Name of grantee	Position	Percentage of the options granted over the issued capital of the Company as at the Listing Date assuming the Over-allotment Option is not exercised	Subscription Price per Share *(HK$)*	Number of Shares to be issued upon exercise of options
Johanas Herkiamto	Director	2%	0.01	16,000,000
Rudi Zulfian	Director	2%	0.01	16,000,000
Elfisno *(Note)*	Head of Accounting	1.5%	0.01	12,000,000
Tiswan *(Note)*	Head of Internal Audit	1.5%	0.01	12,000,000

Note: Tiswan and Elfisno have assisted Mr. Judianto in greatly expanding and further developing the business of Nataki into its current position. They have therefore been granted options under the Pre-IPO Share Option Scheme in recognition of their past contribution to the growth of the Group.

Under the terms of the grant of the options under the Pre-IPO Share Option Scheme, such outstanding options may not be exercised within the twelve-month period following the Listing Date. After such time, the outstanding options under the Pre-IPO Share Option Scheme may be exercised in accordance with the rules of the Pre-IPO Share Option Scheme.

The Shares held in the public hands immediately upon listing of the Shares on GEM would represent approximately 43.0% of the issued share capital of the Company. Assuming that all of the outstanding options granted under the Pre-IPO Share Option Scheme were exercised in full on the Listing Date, the shareholding interest of the public would be reduced from approximately 43.0% to approximately 40.1% of the issued share capital of the Company, taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, or options granted under the Share Option Scheme or any Shares which may be issued by the Company pursuant to the general mandate.

Each of the holders of options granted under the Pre-IPO Share Option Scheme has severally undertaken to the Company, the Sponsor and the Stock Exchange that he/she will not exercise his/her options granted under the Pre-IPO Share Option Scheme if such exercise would result in the percentage of the securities of the Company held in public hands falling below 25%.