1. GENERAL INFORMATION AND GROUP REORGANISATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:–

(a) Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

In the current year, the Group adopted the new HKFRS below, which are relevant to its operations.

HKFRS 3	Business Combinations
HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement

The adoption of the above new HKFRS has the following impact on the Group's accounting policies:–

(i) HKFRS 3 does not have any impact as the new standard does not affect the Group.

(ii) HKAS 1, 24, 32 and 39 have affected the presentation and disclosure of the financial statements.

(iii) HKAS 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 27, 33, 36 and 37 have no material effect on the Group's accounting policy.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the balance sheet date. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intra-group transactions and balances have been eliminated on consolidation.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Fixed assets and depreciation

Fixed assets are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write off the costs of fixed assets over their estimated useful lives on a straight line basis at the following annual rates:

Office equipment	20%
Motor vehicles	20%

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the relevant asset and is recognised in the income statement.

(d) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(f) Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Revenue recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(h) Operating leases

Payments under operating leases are charged to the income statement on a straight line basis over the periods of the relevant leases.

(i) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plan under the Indonesia Jamsostek Fund are recognised as an expenses in the income statement as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(j) Foreign currency translation

Individual companies within the Group maintain their books and records in the primary currencies of their respective operations ("functional currencies"). In the accounts of the individual companies, transactions in other currencies during the year are translated into the respective functional currencies at the applicable rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in other currencies are translated into the respective functional currencies at the applicable rates of exchange in effect at the balance sheet date; non-monetary assets and liabilities denominated in other currencies are translated at historical rates. Exchange gains or losses are dealt with in the income statements of the individual companies.

The Group prepares consolidated financial statements in Hong Kong dollars. On consolidation, all of the assets and liabilities of the companies of the Group with functional currencies other than Hong Kong dollars are translated into Hong Kong dollars at the applicable rates of exchange in effect at the balance sheet date; all of the income and expenses items of the companies of the Group with functional currencies other than Hong Kong dollars are translated at the applicable average rates during the year. Exchange differences arising from such translations are dealt with in the exchange reserve.

The financial statements of P.T. Nataki Bamasa ("Nataki") are prepared in Indonesian Rupiah and both the presentation and functional currency adopted by Nataki is Indonesian Rupiah.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Minority interests

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

The 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.

(m) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfill the above criteria.

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items may comprise financial and corporate assets, interest-bearing loans, corporate and financing expenses and minority expenses.

(p) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade debtors, advances to suppliers, and deposits, prepayments and other receivable

Trade debtors, advances to suppliers, and deposits, prepayments and other receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(ii) Accrued expenses

Accrued expenses are stated at their nominal value.

(iii) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3. TURNOVER

The Group is principally engaged in trading of cocoa beans. Turnover represents the invoiced value of goods sold during the year.

4. OTHER INCOME

	2005 HK$'000	2004 HK$'000
Bank interest income	**10,741**	3,420
Others	**237**	–
	10,978	3,420

5. NET EXCHANGE GAIN/(LOSS)

	2005 HK$'000	2004 HK$'000
Exchange gain/(loss) arising from:		
Trading operations	**394**	3,809
Other non-trading operations	**(374)**	(44)
	20	3,765

6. PROFIT BEFORE TAXATION

	2005 HK$'000	2004 HK$'000
Profit before taxation is arrived at after charging:		
Cost of inventories sold	**545,704**	481,467
Auditors' remuneration	**471**	208
Depreciation	**–**	6
Directors' remuneration – *Note 7*	**569**	456
Other staff costs	**1,463**	1,142
Post employment benefit	**495**	–
Sales proceeds of fixed assets	**29**	–
Less: carrying value	**–**	–
Gain on disposal of fixed assets	**29**	–
Minimum lease payments in respect of land and buildings	**493**	500

7. REMUNERATION OF DIRECTORS AND EMPLOYEES

(a) The emoluments of every Director of the Company during the year are as follows:

Year ended 31st December, 2005

	Fees	Basic salaries, allowances and benefits in kind	Pension Scheme contributions	Post employment benefit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Mr. Harmiono Judianto	–	73	–	19	92
Mr. Johanas Herkiamto	–	93	–	20	113
Mr. Rudi Zulfian	–	73	–	19	92
Independent non-executive Directors					
Ms. Novayanti	–	67	–	9	76
Mr. Gandhi Prawira	–	60	–	10	70
Ms. Goh Hwee Chow, Jacqueline	–	126	–	–	126
	–	492	–	77	569

Year ended 31st December, 2004

	Fees	Basic salaries, allowances and benefits in kind	Pension Scheme contributions	Post employment benefit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Mr. Harmiono Judianto	–	61	–	–	61
Mr. Johanas Herkiamto	–	71	–	–	71
Mr. Rudi Zulfian	–	59	–	–	59
Independent non-executive Directors					
Ms. Novayanti	–	51	–	–	51
Mr. Gandhi Prawira	–	51	–	–	51
Ms. Wang Poey Foon, Angela *(note (i))*	–	163	–	–	163
Ms. Goh Hwee Chow, Jacqueline	–	–	–	–	–
	–	456	–	–	456

Note:

(i) From 14th May 2003, Ms. Wang Poey Foon, Angela had been an independent non-executive director of the company until her resignation on 30th December, 2004. She was re-appointed the same post on 6th January, 2006.

7. REMUNERATION OF DIRECTORS AND EMPLOYEES *(Continued)*

(b) The remuneration of employees who were not Directors during the year and who were amongst the five highest paid individuals of the Group is as follows:

	2005	2004
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits in kind	**114**	–
Pension scheme contributions	**–**	–
Post employment benefit	**–**	–
	114	–

The number of employees whose remuneration falls within the following band is as follows:

	2005	2004
HK$Nil – HK$1,000,000	**1**	–

(c) During the year, no Directors have waived any emoluments and no emoluments have been paid by the Group to the Directors or the five highest paid individuals as an inducement to join the Group or as compensation for loss of office.

8. TAXATION

(a) Taxation in the consolidated income statement represents:

	2005	2004
	HK$'000	*HK$'000*
Overseas taxation		
Current tax	**48,333**	41,624
Deferred tax – *Note 8(b)*	**(152)**	5
	48,181	41,629

8. TAXATION

(a) *(Continued)*

During the year, all of the Group's profits were derived from Nataki, a subsidiary 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 year. Provision for Indonesian corporate income tax for the current year is based on the following progressive tax rates:

Taxable income IDR	**Rate %**
On the first 50,000,000	10
On the next 50,000,000	15
Over 100,000,000	30

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2005 *HK$'000*	2004 *HK$'000*
Profit before taxation	**166,100**	138,241
Taxation at the Indonesian progressive income tax rates	**49,817**	41,457
Tax effect of expenses that is not deductible in determining taxable profit	**1,643**	521
Tax effect of income that is not assessable in determining taxable profit	**(3,279)**	(1,062)
Taxes on profit distribution by a subsidiary	**–**	713
Income tax expense	**48,181**	41,629

8. TAXATION *(Continued)*

(b) The following are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year:

	Accelerated/ (decelerated) depreciation allowances	Post employment benefit	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1.1.2004	(29)	–	(29)
Exchange adjustments	3	–	3
Charge to income statement for the year	5	–	5
At 31.12.2004 and 1.1.2005	(21)	–	(21)
Exchange adjustments	1	2	3
Charge/(credit) to income statement for the period	20	(172)	(152)
At 31.12.2005	–	(170)	(170)

As at 31st December, 2005, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately HK$223,548,000 (2004: HK$124,474,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders includes a loss of approximately HK$3,588,000 (2004: HK$1,032,000) which has been dealt with in the financial statements of the Company.

10. EARNINGS PER SHARE

(a) The calculation of basic earnings per share for the year ended 31st December, 2005 is based on the profit attributable to shareholders of the Company and the weighted average number of 896,876,712 shares in issue during the year ended 31st December, 2005.

The calculation of basic earnings per share for the year ended 31st December, 2004 is based on the profit attributable to shareholders of the Company and 800,000,000 shares in issue during the year ended 31st December, 2004.

(b) Diluted earnings per share for the year ended 31st December, 2005 is based on the profit attributable to shareholders of the Company and the weighted average number of 950,636,712 shares in issue during the year. The number of shares used in the calculation comprised 896,876,712 shares referred to in note 10(a) above and 53,760,000 shares assumed to have been issued at no consideration on the deemed exercise of the options under the Pre-IPO Share Option Scheme based on the fair value per share of HK$0.25.

Diluted earnings per share for the year ended 31st December, 2004 is based on the profit attributable to shareholders of the Company and the weighted average number of 854,193,548 shares in issue during the year. The number of shares used in the calculation comprised 800,000,000 shares referred to in note 10(a) above and 54,193,548 shares assumed to have been issued at no consideration on the deemed exercise of the options under the Pre-IPO Share Option Scheme based on the fair value per share of HK$0.31.

11. FIXED ASSETS

	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:			
At 1.1.2004	32	399	431
Exchange adjustments	(2)	(35)	(37)
At 31.12.2004	30	364	394
Aggregate depreciation:			
At 1.1.2004	32	392	424
Exchange adjustments	(2)	(34)	(36)
Charge for the year	–	6	6
At 31.12.2004	30	364	394
Net book value:			
At 31.12.2004	–	–	–
Cost:			
At 1.1.2005	30	364	394
Exchange adjustments	(2)	(17)	(19)
Disposal	–	(347)	(347)
At 31.12.2005	**28**	**–**	**28**
Aggregate depreciation:			
At 1.1.2005	30	364	394
Exchange adjustments	(2)	(17)	(19)
Written back on disposal	–	(347)	(347)
At 31.12.2005	**28**	**–**	**28**
Net book value:			
At 31.12.2005	**–**	**–**	**–**

12. INTERESTS IN SUBSIDIARIES

	2005	2004
	HK$'000	*HK$'000*
Unlisted shares	**71,481**	71,481
Amount due to a subsidiary – *Note 12(b)*	**–**	(4,611)
	71,481	66,870

The carrying value of the Company's investments in the subsidiaries is determined by the Directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to the Reorganisation which took place on 23rd June, 2003.

(a) Details of the subsidiaries as at 31st December, 2005 are as follows:

Name of company	**Place of incorporation and operation**	**Attributable equity interest Direct** %	**Indirect** %	**Issued and paid up capital**	**Principal activities**
Dickinson Group Limited ("Dickinson")	British Virgin Islands	100	–	USD10,781,000	Investment holding
Setimuly International Group Limited	Mauritius	–	100	USD1,000	Investment holding
P.T. Nataki Bamasa ("Nataki")	Republic of Indonesia	–	95	IDR101,000,000,000	Trading of cocoa beans

(b) The amount is interest-free, unsecured and has no fixed repayment terms.

13. INVENTORIES

Inventories consist of cocoa beans and no inventories are stated at net realisable value.

14. TRADE DEBTORS

Customers are normally required to pay to the Group approximately within one month following shipment of goods.

The following is an aging analysis of trade debtors:

	2005	2004
	HK$'000	*HK$'000*
0 – 30 days	**71,185**	73,686
31 – 60 days	**5,357**	9,624
	76,542	83,310

15. ADVANCES TO SUPPLIERS

The amounts represent deposits (normally 50% of purchase prices) paid in advance to the suppliers according to the purchase orders.

16. SHARE CAPITAL

	Number of shares	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1.1.2005 and 31.12.2005	**1,500,000,000**	**15,000**
Issued and fully paid:		
At 1.1.2005	800,000,000	8,000
Pre-Migration Placing of shares (i)	160,000,000	1,600
At 31.12.2005	**960,000,000**	**9,600**

(i) On 25th May, 2005, 160,000,000 new shares of HK$0.01 each were issued by way of placing at a premium of HK$0.29 per share for cash (the "Pre-Migration Placing"). The excess of the issue price over the par value of the shares issued upon the Pre-Migration Placing amounted to HK$46,400,000 was credited to the share premium account of the Company.

17. 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 Option Scheme were adopted by the Company. No share options have been granted by the Company under the Old 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 Option Scheme and terminated the Old 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. The adoption of the New Option Scheme and the termination of the Old Option Scheme took effect from 1st March, 2006 (listing date of the shares of the Company on the Main Board).

(A) New Option Scheme

The purpose of the New Option Scheme is to enable the Company to grant options to subscribe for shares of the Company to any part-time or full-time employee, executive, officer or director (including executive, non-executive and independent non-executive director) of the Company or any of its subsidiaries and any business consultants, agents and legal and financial advisers to the Company or any of its subsidiaries (collectively the "Eligible Participants") as incentive or rewards for their contribution or potential contribution to any members of the Group.

The Board of Directors (the "Board") may, at its discretion, offer to any Eligible Participants options to subscribe for such number of new shares as the Board may determine at an exercise price. The acceptance of the option, duly signed by the relevant Eligible Participant, together with a remittance in favour of the Company of HK$1.00 by way of consideration for grant must be received by the Company not later than 30 days after the date of offer of the option.

Except where the shareholders' approval is obtained (with the relevant Eligible Participant and his associates abstain from voting) the total number of shares issued and which may fall to be issued upon exercise of the options granted under the New Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of offer shall not exceed 1% of the number of shares of the Company in issue as at the date of offer.

If the Board determines to offer to grant options to a substantial shareholder or an independent non-executive Director of the Company (or any of his associates) and that grant would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the New Option Scheme and any other share option scheme(s) of the Company in the 12-month period up to and including the date of offer:

(a) representing in aggregate over 0.1% of the number of shares of the Company in issue on the date of offer; and

(b) having an aggregate value, based on the official closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer, in excess of HK$5 million,

17. SHARE OPTIONS *(Continued)*

(A) New Option Scheme *(Continued)*

such grant shall be subject to, in addition to the approval of the independent non-executive Directors of the Company, the approval of the shareholders of the Company in general meeting on a poll at which all connected persons (as defined in the Listing Rules) shall abstain from voting and/or such other requirements prescribed under the Listing Rules.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its absolute discretion any such minimum period at the time of offer of any particular option.

Subject to earlier termination set out in the New Option Scheme, the New Option Scheme shall be valid and effective for a period of 10 years commencing on 17th February, 2006, after which no further options will be offered but the provisions of the New Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior hereto or otherwise.

The Board has the absolute discretion to require any particular Eligible Participant grantee to achieve certain performance targets specified at the time of offer before any option granted under the New Option Scheme can be exercised.

The exercise price for a share in respect of any particular options granted under the New Option Scheme (which shall be payable upon exercise of the option) shall be determined by the Board at its discretion, save that such price shall not be less than the highest of:

(a) the official closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer, which must be a business day;

(b) the average of the official closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and

(c) the nominal value of a share.

Up to the date of this Annual Report, no option under the New Option Scheme has been granted or agreed to be granted.

As at the date of this Annual Report, the maximum number of shares in respect of which options may be granted under the New Option Scheme is 96,000,000 shares, which represent 10% of the total issued share capital of the Company as at the date of this Annual Report.

17. SHARE OPTIONS *(Continued)*

(B) Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain employees of the Group to the growth of the Group and/or the listing of the shares on the GEM. The principal terms of the Pre-IPO Share Option Scheme are set out below:

(a) the eligible persons for taking up options under the Pre-IPO Share Option Scheme are confined to any full-time or part-time employees, executive, officer or director (executive or non-executive), of the Company or any of its subsidiaries;

(b) the exercise price of a share in respect of any option granted under the Pre-IPO Share Option Scheme is HK$0.01 as determined by the Board as its absolute discretion at the date of grant of the relevant options;

(c) the maximum number of shares subject to the Pre-IPO Share Option Scheme shall not exceed 56,000,000 representing 7% of the number of issued share capital of the Company on the listing date of the shares of the Company on GEM;

(d) save for the options which have been granted under the Pre-IPO Share Option Scheme (see below), no further options have been or will be offered or granted under the Pre-IPO Share Option Scheme after the Listing Date but the provisions of the Pre-IPO Share Option Scheme shall remain in all other respects in full force and effect in respect of any options granted during the life of the Pre-IPO Share Option Scheme which may continue to be exercisable in accordance with their terms of issue; and

(e) options granted under the Pre-IPO Share Option Scheme can only be exercised by the relevant grantees after the expiry of the 12-month period following the listing date of the shares of the Company on GEM.

As at 31st December, 2005, options to subscribe for 56,000,000 shares in aggregate representing 5.83% of the issued share capital of the Company have been granted to a total of 4 Directors and employees of the Group.

Share options granted under the Pre-IPO Share Option scheme are not expensed as the options were fully vested before the effective date of the HKFRS 2 "Share-Based Payments" and not subject to requirements of HKFRS 2.

17. SHARE OPTIONS *(Continued)*

A summary of the share options granted on 20th November, 2003 under the Pre-IPO Share Option Scheme is as follows:

Grantees	Vesting period	Exercisable period	Exercise price	Number of share options outstanding as at 1.1.2005	Number of share options granted/ exercised/lapsed/ cancelled during the year	Number of share options outstanding at 31.12.2005
Executive Directors						
Mr. Johanas Herkiamto	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK$0.01	16,000,000	–	16,000,000
Mr. Rudi Zulfian	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK$0.01	16,000,000	–	16,000,000
Employees in aggregate	Fully vested on 2nd December, 2004	2nd December, 2004 to 19th November, 2013	HK$0.01	24,000,000	–	24,000,000
				56,000,000	–	56,000,000

18. RESERVES

(a) The Group

	Share premium *HK$'000*	Revenue reserve *HK$'000*	Reserve fund *HK$'000*	Special reserve *HK$'000*	Exchange reserve *HK$'000*	Total *HK$'000*
At 1.1.2004	86,800	31,754	–	83,232	10,558	212,344
Profit for the year	–	91,694	–	–	–	91,694
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	(14,143)	(14,143)
At 31.12.2004 and 1.1.2005	86,800	123,448	–	83,232	(3,585)	289,895
Profit for the period	–	111,853	–	–	–	111,853
Appropriation of reserve fund (iii)	–	(16,178)	16,178	–	–	–
Premium arising on the Pre-Migration Placing *– Note 16(i)*	46,400	–	–	–	–	46,400
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	(13,048)	(13,048)
At 31.12.2005	**133,200**	**219,123**	**16,178**	**83,232**	**(16,633)**	**435,100**

18. RESERVES *(Continued)*

(a) The Group *(Continued)*

(i) The special reserve of HK$1,032,000 arising in the year ended 31st December, 2002 represents the difference between the nominal value of the shares of Nataki acquired by Dickinson pursuant to the Reorganisation over the nominal value of the shares issued by Dickinson in exchange therefor.

(ii) The special reserve of HK$82,200,000 arising in the year ended 31st December, 2003 represents the difference between the nominal value of the shares of Dickinson acquired by the Company pursuant to the Reorganisation over the nominal value of the shares issued by the Company in exchange therefor.

(iii) Under articles 61 and 62 of the Indonesian Company Law, Nataki is required to appropriate a certain amount of its available net profit to a reserve fund. However, with due regard to the Indonesian accounting practice, the appropriation is conducted after offsetting the accumulated losses brought down from previous years. The appropriation to the reserve fund is required until it aggregates to at least 20% of Nataki's total paid-up capital. The amount of profit to be appropriated to the reserve fund for each year shall be determined by the shareholders in the general meeting of shareholders. The reserve fund is non-distributable and can only be used to make good future years' losses. Nataki has complied with the requirement to set aside certain portion of its profit for reserve fund in accordance with the Indonesian Company Law after executing the resolution of shareholders of Nataki dated 17th June, 2005 for approval to set aside an amount equal to 20% of Nataki's paid up capital or equal to IDR20,200,000,000 as general reserve in accordance with the Indonesian Company Law. The appropriation of the reserve fund was incorporated in the financial statements of Nataki for the year ended 31st December, 2005. The Indonesian legal consultant of the Company, Dewi Soeharto Maramis & Partners, an independent qualified legal adviser in Indonesia, is of the opinion that the appropriation has complied with the requirements in connection with the reserve fund under the Indonesian Company Law.

(b) The Company

	Share premium *HK$'000*	Revenue reserve *HK$'000*	Total *HK$'000*
At 1.1.2004	158,280	6	158,286
Loss for the year	–	(1,032)	(1,032)
At 31.12.2004 and 1.1.2005	158,280	(1,026)	157,254
Loss for the year	–	(3,588)	(3,588)
Premium arising on the Pre-Migration Placing – *Note 16(i)*	46,400	–	46,400
At 31.12.2005	**204,680**	**(4,614)**	**200,066**

18. RESERVES *(Continued)*

(b) The Company *(Continued)*

(i) The share premium of the Company includes (1) shares issued at premium and (2) the difference between the nominal value of the ordinary shares issued by the Company and the net asset values of the subsidiaries at the date they were acquired through an exchange of shares pursuant to the Reorganisation. Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) As at 31st December, 2005, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK$200,066,000 (2004: HK$157,254,000) subject to the restrictions as stated above.

19. COMMITMENTS

As at 31st December, 2005, the Group had no material capital commitments to be disclosed.

20. CONTINGENT LIABILITIES

As at 31st December, 2005, the Group had no material contingent liabilities to be disclosed.

21. OPERATING LEASE ARRANGEMENTS

The Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2005 ***HK$'000***	2004 *HK$'000*
Within one year	**231**	489
After one year but within five years	**612**	860
After five years	**23**	36
	866	1,385

Operating lease payments represent rentals payable by the Group for its offices and warehouse. The leases are negotiated for terms of one to ten years with fixed monthly rentals.

22. RELATED PARTY TRANSACTIONS

The Group did not enter into any material related party transaction during the year.

23. 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 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 accident incurred by the employees during work and to the entire pension obligations of the retired employees. However, Nataki did not join the Jamsostek fund since its incorporation until August 2002. The contributions payable by the Group which have not been accounted for amounted to approximately HK$52,000 and HK$88,000 for the year ended 31st December, 2004 and 2005 respectively. The total unpaid and unaccrued contributions under the Jamsostek fund amounted to approximately HK$229,000 as at 31st December, 2005. There were no forfeited contributions available during the year.

In addition, based on Manpower Law of the Republic of Indonesia No. 13 year 2003 stipulates that Nataki has an obligation to pay a certain amount to the employee if termination happened. In connection with this matter the Group provide the allowance of such of obligation amounting to approximately HK$572,000 which was recorded as allowance for post employment benefit for the year ended 31st December, 2005. The Group does not provided the allowance in previous period because the amount of the obligation is immaterial.

24. SEGMENT INFORMATION

Segment information is prepared in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments:

No information has been disclosed in respect of the Group's business segments as the Group operates only one business segment which is the trading of cocoa beans.

24. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments:

In presenting information on the basis of geographical segments, segment revenue is based on the location of customers. Segment assets and capital expenditure are based on the location of the assets.

	France	Netherlands	United Kingdom	Republic of Indonesia	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st December, 2005					
Turnover	**79,127**	**461,825**	**171,284**	**–**	**712,236**
Segment assets	**6,566**	**51,452**	**18,524**	**400,177**	**476,719**
Capital expenditure	**–**	**–**	**–**	**–**	**–**
Year ended 31st December, 2004					
Turnover	83,599	371,565	163,939	–	619,103
Segment assets	9,888	44,601	28,821	238,977	322,287
Capital expenditure	–	–	–	–	–

25. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of: changes in foreign currency exchange rates risk, interest rates risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

(i) Foreign exchange risk

The Group mainly operates in the Republic of Indonesia with most of the transactions settled in Indonesian Rupiah and United States dollars which did not have significant exposure to foreign exchange risk during the year.

The Group does not enter into derivative foreign exchange contracts to hedge its foreign currency risk.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iii) Credit risk

The carrying amount of trade debtors included in the consolidated balance sheets represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and the Group performs credit evaluations of its customers.

(iv) Liquidity risk

The Group ensures that it maintains sufficient cash, which is available to meet its liquidity requirements.

(b) Fair value estimate

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade debtors, advances to suppliers, and deposits, prepayments and other receivable, and financial liabilities including accrued expenses approximate their fair values due to their short maturities.

The face values less any estimated credit adjustments for principal assets and liabilities with a maturity of less than one year, if any, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

26. COMPARATIVE FIGURES

Certain comparative figures have been restated and additional disclosure of comparative figures have been made as a result of the adoption of new HKFRS as mentioned in note 2(a) above.