APTUS HOLDINGS LIMITED

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(incorporated in the Cayman Islands with limited liability)

APTUS

3rd Quarterly Report

2002

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities trade on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This report, for which the directors of APTUS HOLDINGS LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to APTUS HOLDINGS LIMITED. The directors of APTUS HOLDINGS LIMITED, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs; (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would take any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived or after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHT

- Earnings per share for the nine months ended 30 June 2002 is HK$0.017 cents.

- Turnover for the nine months ended 30 June 2002 amounted to HK$12,451,000, representing an increase of approximately 68% as compared to the corresponding period in 2001.

- The Company achieved a net profit of approximately HK$89,000 for the nine months ended 30 June 2002, representing an increase of approximately 53% as compared to that of the corresponding period in 2001.

- The directors do not recommend the payment of an interim dividend for the nine months ended 30 June 2002.

RESULTS

The Board of directors (the "Board") of APTUS HOLDINGS LIMITED (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 30 June 2002 together with the comparative unaudited figures for the corresponding period in 2001 as follows:

		Nine months ended 30 June		Three months ended 30 June	
		2002	2001	**2002**	2001
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	*(2)*	**12,451**	7,403	**4,725**	2,767
Cost of sales		**(4,714)**	(2,278)	**(1,567)**	(846)
Gross profit		**7,737**	5,125	**3,158**	1,921
Other revenue		**1**	99	**–**	30
Selling and distribution costs		**(1,452)**	(589)	**(551)**	(224)
Administrative expenses		**(6,194)**	(4,533)	**(2,136)**	(1,547)
Profit before tax		**92**	102	**471**	180
Tax	*(3)*	**(45)**	(84)	**(45)**	(42)
Net profit before minority interests		**47**	18	**426**	138
Minority interests		**42**	40	**(8)**	12
Net profit from ordinary activities attributable to shareholders		**89**	58	**418**	150
Earnings per share:	*(4)*				
Basic		**0.0172 cent**	0.012 cent	**0.073 cent**	0.031 cent
Diluted		**0.0171 cent**	N/A	**0.071 cent**	N/A

Notes:

1. GROUP REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated in Cayman Islands on 26 November 2001 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisaton") to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 May 2002. The Company acquired by share exchange the entire share capital of Aptus Group Limited ("AGL"), the then holding company of the subsidiaries included in the Reorganisation, and thereby became the holding company of subsidiaries comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 April 2002.

The unaudited consolidated/combined results for the financial periods presented have been prepared using the merger basis of accounting as a result of the Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries since their respective dates of incorporation rather than from the date of their acquisition pursuant to the Reorganisation. Accordingly, the unaudited consolidated/combined results of the Group for the financial periods presented included the results of the Company and its subsidiaries with effect from 1 October 2000 as if the current Group structure has been in existence throughout the periods.

In the opinion of the Board, the unaudited consolidated/combined results prepared on the above basis present fairly the results of the Group as a whole.

The financial information has been prepared in accordance with Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society Accountants and accounting principles generally accepted in Hong Kong. The financial information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

2. TURNOVER

Turnover represents the invoiced value of services provided, net of business tax. All significant intra-group transactions have been eliminated.

3. TAX

Hong Kong Profits Tax has not been provided for the three months and nine months ended 30 June 2002 (three months and nine months ended 30 June 2001: Nil) as the Group did not generate any assessable profits in Hong Kong during these periods. Taxes on profit assessable overseas have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred tax has been provided for the Group because there were no significant timing differences at the balance sheet date (2001: Nil).

4. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the nine months ended 30 June 2002 is based on the unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK$89,000 (nine months ended 30 June 2001: approximately HK$58,000) and on the weighted average number of approximately 516,641,000 shares (pro forma number of shares in issue for the nine months ended 30 June 2001: 480,000,000 shares) in issue during the period.

The calculation of basic earnings per share for the three months ended 30 June 2002 is based on the unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK$418,000 (three months ended 2001: approximately HK$150,000) and on the weighted average number of approximately 574,605,000 shares (pro forma number of shares in issue for the three months ended 2001: 480,000,000 shares) in issue during the period.

The weighted average number of shares used to calculate the earnings per share for the three and nine months ended 30 June 2001 includes the pro forma issued share capital of the Company, comprising the 2 shares issued nil paid on incorporation of the Company, the 9,999,998 shares issued as consideration for the acquisition of the entire issued share capital of Aptus Group Limited and the capitalization issue of 470,000,000 shares.

The weighted average number of shares used to calculate the earnings per share for the three months and nine months ended 30 June 2002 comprises the above shares and also included the weighted average of the 42,240,000 shares issued to Venture Media Development Limited, Excel Arts Limited, Dr. Wong Kwok Yiu, Chris, Mr. Lam Tin Kin, Mr. Chung Yi Wen, Alan and Innoasis Limited (collectively referred as to the "Pre-IPO Investors"), the 77,760,000 shares issued upon the listing of the Company's shares on GEM on 14 May 2002, and the 18,264,000 shares issued under over-allotment option.

(b) Diluted earnings per shares

The calculation of diluted earnings per share for the nine months ended 30 June 2002 is based on the unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK$89,000. The weighted average number of ordinary shares used in the calculation is the 516,641,000 shares in issue during the period as used in the basic earnings per share calculation; 3,921,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all pre-IPO share options.

The calculation of diluted earnings per share for the three months ended 30 June 2002 is based on the unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK$418,000. The weighted average number of ordinary shares used in the calculation is the 574,605,000 shares in issue during the period as used in the basic earnings per share calculation; 11,763,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all pre-IPO share options.

The diluted earnings per share for the three months and nine months ended 30 June 2001 have not been calculated as no diluting events existed during both periods.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 June 2002 (nine months ended 30 June 2001: NIL).

6. RESERVE

	Share premium *HK$'000*	Capital reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 October 2000	–	17,240	(1,294)	15,946
Net loss for the period	–	–	(92)	(92)
At 31 March 2001 and at 1 April 2001	–	17,240	(1,386)	15,854
Net profit for the period	–	–	150	150
At 30 June 2001	–	17,240	(1,236)	16,004
At 1 October 2001	–	17,240	(1,085)	16,155
Net loss for the period	–	–	(329)	(329)
Issue of share to Pre-IPO investors	8,378	–	–	8,378
At 31 March 2002 and at 1 April 2002	8,378	17,240	(1,414)	24,204
Issue of share to the public	38,103	–	–	38,103
Issue of share upon exercise of Over-allotment option	8,949	–	–	8,949
Capitalisation on issue of share	(4,700)	–	–	(4,700)
Share issue expenses	(5,770)	–	–	(5,770)
Net profit for the period	–	–	418	418
At 30 June 2002	44,960	17,240	(996)	61,204

The capital reserve of the Group represents the difference between the aggregate nominal value of the share capital of subsidiaries acquired by the Company and the nominal value of share capital of the Company issued as consideration in exchange therefore.

BUSINESS REVIEW

During the period under review, Aptus continues to offer extensive and integrated product commercialisation solutions to various international and domestic pharmaceutical companies in the People's Republic of China (the "PRC").

Aptus' product commercialisation services, from product consulting to sales force management, have received increasing recognition in the PRC pharmaceutical industry. For the nine months ended 30 June 2002, Aptus recorded higher revenue of approximately HK$12.5 million, representing a surge of approximately 68% over the corresponding period in 2001. It was mainly attributable to the increase in revenue from product consulting and sales force management services. In tandem with the substantial growth in revenue, the Group's gross profit also increased to HK$7.7 million from HK$5.1 million recorded in the previous corresponding period.

In addition, Aptus has formed new sales alliances with 2 licensed PRC's pharmaceutical distribution companies. Aptus will assist these 2 licensed pharmaceutical distribution companies to manage and expand their sales activities. For the nine months ended 30 June 2002, Aptus' turnover in this aspect surged to approximately HK$4.2 million as compared to approximately HK$0.2 million recorded in the corresponding period in 2001.

Aptus has acquired a 10 year exclusive marketing and distribution right for 5 pharmaceutical products of Dae Hwa Pharmaceutical Company Limited ("Dae Hwa"), a top-20 ranked pharmaceutical company in Korea, in PRC for a consideration of HK$6.8 million. Aptus will provide to Dae Hwa its product commercialisation expertise, including acquiring State Drug Administration approval for Dae Hwa's products, customised marketing strategy, and contract sales force management. In other words, Aptus is fulfilling its aim, as a one-stop product commercialisation solution provider that offers a bridge between overseas pharmaceutical companies and the PRC's pharmaceutical marketplace. As stated by the president of Dae Hwa, the reason why Aptus is chosen as Dae Hwa's partner in the PRC market is because of Aptus' in-depth knowledge and understanding of the PRC's pharmaceutical industry, its market intelligence and its extensive nation-wide distribution alliance network. Dae Hwa believe that this relationship will be very long-term and mutually beneficial in both companies' expansion in the PRC.

Going forward, Aptus foresees that the Group's product-based activities will pick up tremendously in the immediate future as a result of the market recognition and acceptance of our one-stop product commercialisation service. Nevertheless, product consulting still remains as Aptus' essential focus. For the nine months ended 30 June 2002, revenue from the product consulting unit remained as the major revenue contributor, making up approximately 61% of the Group's total revenue. It recorded an impressive surged of 28% to approximately HK$7.6 million as compared to corresponding period in 2001.

Administrative expenses for the nine months under review increased to approximately HK$6,194,000 from approximately HK$4,533,000 for the same period in the previous year. Such increase was mainly due to additional routine but mandatory expenses after the shares of the Company were listed on the GEM of the Stock Exchange in May 2002 and an increase in payroll and depreciation.

In recent years, many of our multinational clients have shifted either parts or all of their operations to Shanghai, as it has become a major commercial centre of the PRC. In order to service our existing clients more effectively and efficiently as well as better initiate new client relationships, Aptus will also relocate part of its operations to Shanghai. The Shanghai office is expected to commence operation in early October 2002.

PROSPECT

We are in a fascinating era with new advanced pharmaceutical products being invented and developed everyday. This has a significant impact on the quality of life and human life span. Thus, we notice the pharmaceutical industry is evolving speedier ever to keep up with the advance development of pharmaceutical products. We are also in an exceptional place – the PRC, a fast growth country with Gross Domestic Product growing at approximately 8% per annum, if not more. Aptus as a pioneer in the PRC's pharmaceutical outsourcing services industry, it is poised to capitalise on the rapidly expanding pharmaceutical industry and economy.

Since the successful floatation of Aptus on the GEM in May 2002, we are sharpening our focus on quality and efficiency. We are of the opinion that highest quality and efficiency of works and services can provide better services in this fast changing pharmaceutical arena.

As such, we began implementing strategic plans that we believe will allow us to bring up our quality and efficiency of works and services to meet the ever changing demands of our clients. In short, the management hopes to elevate Aptus as a corporation to an elite world class standard that will not only shine in the PRC's pharmaceutical marketplace but also in the international pharmaceutical arena.

OTHER INFORMATION

Directors' and Chief Executive Interests in Securities

As at 30 June 2002, according to the register required to be kept under Section 29 of the Securities (Disclosure of interest) Ordinance ("SDI Ordinance") or otherwise notified to the Company pursuant to the minimum standard of dealings by directors as referred to in Rules 5.40 to 5.59 of the GEM Listing Rules, the interests of the Company's directors and their associates in shares of the Company or any associated corporations (as defined in the SDI Ordinance) were as follows:

	Number of Shares				
Director	**Corporate interests**	**Personal interests**	**Family interests**	**Other interests**	**Total interests**
CHEN Vee Li, Felix	–	–	–	168,650,000 *(Note 1)*	168,650,000
MA Wai Hung, Vincent	12,000,000 *(Note 3)*	–	–	132,650,000 *(Note 2)*	144,650,000
CHEN Si Te, Frank	–	–	–	168,650,000 *(Note 1)*	168,650,000
WONG Kwok Yiu, Chris	–	4,800,000 *(Note 4)*	–	–	4,800,000

Notes:

1. These Shares are beneficially owned by Byron Bay Limited ("Byron Bay"), which is wholly owned by the Chen Family 2002 Trust, a discretionary trust the discretionary objects of which include the family members of Chen Vee Li, Felix, Chen Si Te, Frank, a non-executive Director, the father of Chen Vee Li, Felix.

2. These Shares are beneficially owned by E-Source Limited ("E-Source"), which is wholly owned by the Ma Family 2002 Trust, a discretionary trust the discretionary objects of which include the family members of Ma Wai Hung, Vincent.

3. These Shares are beneficially owned by Jingle Holdings Limited ("Jingle"), which is wholly and beneficially owned by Ma Wai Hung, Vincent.

4. These Shares are owned by Dr. Wong Kwok Yiu, Chris, a non-executive Director, in his personal capacity.

Save as disclosed above, as at 30 June 2002, none of the directors or chief executive or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Substantial Shareholders

Other than interests disclosed above in respect of directors and their associates, as at 30 June 2002, according to the register of interests kept by the Company under section 16(1) of the SDI Ordinance, the following persons were interested in 10 percentage or more of the issued share capital of the Company:

Name	Number of Shares	Percentage of Shareholding
Byron Bay *(Note 1)*	168,650,000	27.28
E-Source *(Note 2)*	132,650,000	21.46

Notes:

1. Byron Bay is wholly owned by the Chen Family 2002 Trust, a discretionary trust the discretionary objects include the family members of Chen Vee Li, Felix.

2. E-Source is wholly owned by the Ma Family 2002 Trust, a discretionary objects of which include the family members of Ma Wai Hung, Vincent.

Directors' and Chief Executive Rights to Acquire Shares

Pursuant to a pre-IPO share option scheme (the "Pre-Scheme") adopted by the Company on 24 April 2002, the Company has granted pre-IPO shares options on the Company's ordinary shares in favor of certain directors and employees of the Company, details of pre-IPO shares options granted to the directors are as follows:

Name of director	Number of share options granted on 24 April 2002	Exercise period of share options	Exercise price per share
			HK$
CHEN Vee Li, Felix	18,000,000	14 May 2003 to 13 May 2006	0.50
MA Wai Hung, Vincent	18,000,000	14 May 2003 to 13 May 2006	0.50
WONG Kok Sun	1,250,000	14 May 2003 to 13 May 2006	0.10
LEE Chan Wah	500,000	14 May 2003 to 13 May 2006	0.10
CHEN Si Te, Frank	250,000	14 May 2003 to 13 May 2006	0.10

Note: The vesting period under the Pre-Scheme is from the date of grant until the commencement of the exercise period.

No further options will be granted under the Pre-Scheme after listing of the Company's shares on the GEM. Upon exercise of all outstanding share options under the Pre-Scheme in full, a total of 47,500,000 shares, representing in aggregate approximately 7.68% of the issued share capital of the Company immediate following the completion of the placing, capitalization issue and exercise of the over-allotment option. All these options were granted on 24 April 2002 and may be exercised within three years from the expiry of 12 months from 14 May 2002. No pre-IPO share options have, therefore, been exercised up to the date of this report.

At the same date of adoption of the aforesaid Pre-Scheme, a post-IPO share option scheme (the “Post-Scheme”) was also approved by the Company. Under the terms of the Post-Scheme, the board of directors may, at their discretion, grant options to any full-time employee and any director of the Company or its subsidiaries, including any executive, non-executive or independent non-executive directors. The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-Scheme and other schemes of the Company must not exceed 30% of the shares in issue from time to time. No share options have been granted by the Company under the Post-Scheme up to the date of this report.

Save as disclosed above, the Company is not a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

Competing Interest

None of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes with the Company or may compete with the business of the Group.

Sponsor’s Interests

Neither the Company’s sponsor, Kingston Corporate Finance Limited (“Kingston”), nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30 June 2002.

Pursuant to the agreement dated 29 April 2002 entered into between the Company and Kingston, Kingston has been retained to act as the Company’s sponsor for the period from 14 May 2002 to 30 September 2004 in return for a monthly advisory fee.

Audit Committee

As required by the Rule 5.23 of the GEM Listing Rules, the Company has established an audit committee ("Committee") with written terms of reference which deal with its authority and duties. The Committee's primary duties are to review and to supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Directors.

The Committee comprises two independent non-executive directors, namely Mr. MA Ching Nam and Dr. YAU Yat Yin.

Up to the date of this announcement, a meeting was held on 13 August 2002 for discussion of the operating results, statements of affairs and accounting policies with respect to the unaudited quarterly report of the Company for the three months and nine months ended 30 June 2002.

Purchase, sale and redemption of the Company's listed securities

On 27 May 2002, 18,260,000 additional new Shares were issued under the exercise of the over-allotment option.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
CHEN Vee Li, Felix
Chairman

Hong Kong, 13 August 2002