



# 1st Quarterly Report

APTUS

**APTUS HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)

APTUS

## **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.

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*This report, for which the directors of Aptus Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## RESULTS

The board of directors (the “Directors”) of Aptus Holdings Limited (the “Company”) herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 December 2003 together with the comparative unaudited figures for the corresponding periods in 2002 as follows:

	<i>Notes</i>	<b>Three months ended 31 December</b>	
		<b>2003</b>	2002
		<b>HK\$'000</b>	<i>HK\$'000</i>
TURNOVER	(2)	<b>118</b>	8,203
Cost of sales		<b>(45)</b>	(5,648)
Gross profit		<b>73</b>	2,555
Other revenue and gains		<b>1</b>	4
Selling and distribution costs		<b>(46)</b>	(721)
Administrative expenses		<b>(1,851)</b>	(2,195)
LOSS FROM OPERATING ACTIVITIES		<b>(1,823)</b>	(357)
Finance costs	(3)	<b>(57)</b>	–
LOSS BEFORE TAX		<b>(1,880)</b>	(357)
Tax	(4)	<b>–</b>	–
LOSS BEFORE MINORITY INTERESTS		<b>(1,880)</b>	(357)
Minority interests		<b>–</b>	87
Net loss from ordinary activities			
ATTRIBUTABLE TO SHAREHOLDERS		<b>(1,880)</b>	(270)
LOSS PER SHARE:	(5)		
Basic		<b>(HK0.3 cent)</b>	(HK0.04 cent)
Diluted		<b>N/A</b>	N/A

Notes:

**1. BASIS OF PRESENTATION**

The principal accounting policies adopted in preparing the unaudited consolidated results of the Group conform to accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and GEM Listing Rules.

**2. TURNOVER**

Turnover represents the invoiced value of goods sold, after allowance for returns and trade discounts and business tax; and the value of services rendered during the year.

**3. FINANCE COSTS**

	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Interest on convertible notes	<b>57</b>	–

**4. TAX**

Hong Kong Profits Tax has not been provided for the three months ended 31 December 2003 (three months ended 31 December 2002: 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 respective balance sheet date. (2002: Nil).

**5. LOSS PER SHARE**

The calculation of basic loss per share for the three months ended 31 December 2003 is based on the unaudited net loss from ordinary activities attributable to shareholders for the three months ended 31 December 2003 of approximately HK\$1.9 million (unaudited net loss from ordinary activities attributable to shareholders for the three months ended 31 December 2002: approximately HK\$270,000) and the weighted average of 618,260,000 shares in issue during the three months ended 31 December 2003 (weighted average number of shares in issue for the three months ended 31 December 2002: 618,260,000 shares).

No diluted loss per share is shown for the three months ended 31 December 2003 and 2002 as the effect of the share options of the Company granted on 24 April 2002 and 11 July 2002 and the convertible notes issued on 29 August 2003 and 30 September 2003, by the Company were either anti-dilutive or had no dilutive effect on the basic loss per share for the three months ended 31 December 2003 and 2002.

## 6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 December 2003 (three months ended 31 December 2002: Nil).

## 7. RESERVE

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 October 2002	44,960	17,240	(4,272)	57,928
Net loss for the period	-	-	(270)	(270)
At 31 December 2002	44,960	17,240	(4,542)	57,658
At 1 October 2003	44,960	17,240	(57,611)	4,589
Net loss for the period	-	-	(1,880)	(1,880)
At 31 December 2003	44,960	17,240	(59,491)	2,709

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in providing product commercialisation services to international and domestic pharmaceutical and healthcare companies in the PRC, as well as the trading of pharmaceutical products. Commercialization services encompass direct marketing, product consulting and sales force management consulting services.

## FINANCIAL REVIEW

For the three month period ended 31 December 2003, the Group's unaudited consolidated turnover and loss attributable to shareholders are HK\$118,000 (2002: HK\$8.2 million) and HK\$1.9 million (2002: HK\$270,000) respectively. There is a 98.6% decrease in turnover with an approximately 6 times increase in loss attributable to shareholders over the corresponding period last year. Gross profit was 61.7% for the three months period under review (2002: 31.1%).

The increase in the loss attributable to shareholders was mainly attributable to the decrease in turnover. The increase in gross profit margin is mainly contributed by the relatively higher gross profit margin for the provision of product commercialisation services.

General and administrative expenses decreased because of the adoption of the new operation plan, which streamlined the operations and efficiency allocated resources.

## BUSINESS REVIEW

During the period under review, the Group had adopted a conservative business strategy. As the performance of trading of pharmaceutical products was not satisfactory in last financial year, the Group swiftd its focus to provision of product commercialisation services which require relatively lesser resources and has a relatively higher gross profit margin. As such, the Group's turnover was recorded lower as compared to the corresponding period of the previous year. In view of the lower turnover, the Group had also adopted rigorous cost control policies in managing its operations.

The management also realigned the organizational structure of the Group and adopted a new operational plan, which streamlined the operation and increased the operational efficiency.

## PROSPECTS

The PRC market recover from the after effects of SARS and will bring numerous opportunities to pharmaceutical industry. The Group expects that the more positive outlook towards the economy of the PRC will enhance the performance of the product commercialisation services in the coming quarters. Moreover, the Group will continue to tighten its control on operating costs.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2003, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rule 5.40 to 5.58 of the GEM Listing Rules, were as follows:

Director	Corporate interests	Number of Shares		Total interests
		Personal interests	Other interests	
CHEN Vee Li, Felix	–	–	104,650,000 <i>(Note 1)</i>	104,650,000
MA Wai Hung, Vincent	12,000,000 <i>(Note 3)</i>	–	132,650,000 <i>(Note 2)</i>	144,650,000
CHEN Si Te, Frank	–	–	104,650,000 <i>(Note 1)</i>	104,650,000
WONG Kwok Yiu, Chris	–	4,800,000	–	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 (the “Chen Trust”), a discretionary trust. The discretionary objects of the Chen Trust include the family members of Mr. Chen Vee Li, Felix, Mr. Chen Si Te, Frank, an executive director and a non-executive director of the Company, respectively.
2. These Shares are beneficially owned by E-Source Limited (“E-Source Limited”), which is wholly owned by the Ma Family 2002 Trust (the “Ma Trust”), a discretionary trust. The discretionary objects of the Ma Trust include the family members of Mr. Ma Wai Hung, Vincent, a non-executive director of the Company.
3. These Shares are beneficially owned by Jingle Holdings Limited (“Jingle”), which is wholly and beneficially owned by Mr. Ma Wai Hung, Vincent, a non-executive director of the Company.

Save as disclosed above, as at 31 December 2003, none of the directors had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS**

As at 31 December 2003, other than the interests of certain directors as disclosed under the section headed “Directors’ interests in shares” above, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5 % or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage of Shareholding</b>
Byron Bay ( <i>Note 1</i> )	104,650,000	16.93
Dong Ming Jie, Jacqueline ( <i>Note 2</i> )	104,650,000	16.93
E-Source ( <i>Note 3</i> )	132,650,000	21.46
Chung Yi Wen, Alan ( <i>Note 4</i> )	39,900,000	6.45

*Notes:*

1. Byron Bay is wholly owned by the Chen Trust, a discretionary trust of which the discretionary objects include the family members of Chen Vee Li, Felix.
2. Dong Ming Jie, Jacqueline, the spouse of Chen Vee Li, Felix is one of the discretionary objects of the Chen Trust.
3. E-Source is wholly owned by the Ma Trust, a discretionary of which the objects include the family members of Ma Wai Hung, Vincent.
4. Chung Yi Wen, Alan owns the shares in his personal capacity.

## **DIRECTORS' 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:

<b>Name of director</b>	<b>Number of share options granted on 24 April 2002</b>	<b>Exercise period of share options</b>	<b>Exercise price per share HK\$</b>
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.



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. Details of post-IPO shares options granted to the non-executive and independent non-executive directors are as follows:

<b>Name of non-executive/ independent non- executive director</b>	<b>Number of share options granted on 11 July 2002</b>	<b>Exercise period of share options</b>	<b>Exercise price per share HK\$</b>
CHEN Si Te, Frank	400,000	11 July 2002 to 10 July 2012	0.612
WONG Kwok Yiu, Chris	400,000	11 July 2002 to 10 July 2012	0.612
MA Ching Nam	400,000	11 July 2002 to 10 July 2012	0.612
YAU Yat Yin	400,000	11 July 2002 to 10 July 2012	0.612

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 31 December 2003.

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.

## **COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES**

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the Listing Rules, since the listing of the Company's shares on GEM on 14 May 2002.

## **AUDIT COMMITTEE**

The Company established an audit committee ("Committee") on 24 April 2002, with written terms of reference in compliance with the GEM Listing Rules. 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. The consolidated results of the Group for the three months ended 31 December 2003 have been reviewed by the Committee, who were of the opinion that such statements complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosure had been made.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the three months ended 31 December 2003, 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, 19 March 2004