



Third 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 (“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, 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 “Board”) of Aptus Holdings Limited (the “Company”) herein presents the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 30 June 2004, together with the comparative unaudited figures for the corresponding periods in 2003 as follows:

	Notes	Nine months ended 30 June		Three months ended 30 June	
		2004 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)
TURNOVER	(2)	477	14,470	-	1,028
Cost of sales		(175)	(12,755)	-	(3,324)
Gross profit		302	1,715	-	(2,296)
Other revenue		4	6	1	2
Selling and distribution costs		(138)	(3,193)	-	(1,320)
Administrative expenses		(7,915)	(8,268)	(4,052)	(3,565)
Other operating costs		-	(15,958)	-	(15,958)
LOSS FROM OPERATING ACTIVITIES		(7,747)	(25,698)	(4,051)	(23,137)
Finance costs		(263)	-	(70)	-
Share of loss of a jointly-controlled entity		(56)	-	-	-
LOSS BEFORE TAX		(8,066)	(25,698)	(4,121)	(23,137)
Tax	(3)	-	-	-	-
LOSS BEFORE MINORITY INTERESTS		(8,066)	(25,698)	(4,121)	(23,137)
Minority interests		-	434	-	304
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(8,066)	(25,264)	(4,121)	(22,833)
LOSS PER SHARE	(4)				
- Basic		1.305 cents	4.086 cents	0.667 cent	3.693 cents
- Diluted		N/A	N/A	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNTS

1. BASIS OF PRESENTATION

The unaudited consolidated results of the Group have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounting policies adopted are consistent with those set out in the Group's audited financial statements for the year ended 30 September 2003.

All significant transactions and balances within the Group have been eliminated on consolidation.

2. TURNOVER

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

3. TAX

No Hong Kong profits tax has been provided for the three months and nine months ended 30 June 2004 (three months and nine months ended 30 June 2003: Nil) as the Group did not generate any assessable profits in Hong Kong during these periods. Taxes on profit assessable elsewhere 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.

The Group have no significant potential deferred tax liabilities for which provision has not been made (2003: Nil).

4. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 June 2004 is based on the unaudited net loss from ordinary activities attributable to shareholders for the three months and nine months ended 30 June 2004 of approximately HK\$4.1 million and HK\$8.1 million respectively (three months and nine months ended 30 June 2003: net loss of approximately HK\$22.8 million and HK\$25.3 million respectively) and the weighted average of 618,260,000 shares in issue during the three months and nine months ended 30 June 2004 (three months and nine months ended 30 June 2003: 618,260,000 shares).

No diluted loss per share is shown for the three months and nine months ended 30 June 2004 and 30 June 2003 as the effect of the share options of the Company granted on 24 April 2002 and 11 July 2002 and the convertible note issued on 30 September 2003 by the Company were either anti-dilutive or had no dilutive effect on the basic loss per share for these periods.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 June 2004 (nine months ended 30 June 2003: Nil).

6. RESERVE

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <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	–	–	(2,431)	(2,431)
At 31 March 2003 and at 1 April 2003	44,960	17,240	(6,703)	55,497
Net loss for the period	–	–	(22,833)	(22,833)
At 30 June 2003	44,960	17,240	(29,536)	32,664
At 1 October 2003	44,960	17,240	(57,611)	4,589
Net loss for the period	–	–	(3,945)	(3,945)
At 31 March 2004 and at 1 April 2004	44,960	17,240	(61,556)	644
Net loss for the period	–	–	(4,121)	(4,121)
At 30 June 2004	44,960	17,240	(65,677)	(3,477)

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. Commercialisation services encompass direct marketing, product consulting and sales force management consulting services.

BUSINESS REVIEW AND PROSPECT

For the period under review, the turnover of the Group was lower as compared to the previous corresponding period. This was mainly attributable to the Group's efforts in streamlining its existing business operations. The Group has amalgamated its operations in Beijing into the operations in Shanghai in order to further streamline its operations and achieve higher cost efficiency. Meanwhile, the Group was also putting a lot of efforts to improve its internal control policy.

On 23 March 2004, the Company had entered into a Sales and Purchase Agreement with Precise Result Profits Limited (the "Vendor") to acquire 75% equity stake in Top Entrepreneur Profits Limited ("TEPL"). TEPL, in turn, indirectly holds 75% interests of Hsing Long Trading Co., Ltd ("Hsing Long"), a Singapore incorporated company at a price of HK\$4,000,000. The purchase price is to be satisfied by the allotment and issue of the Acquisition Consideration Shares at HK\$0.021 per the Company share. 190,476,190 shares will be issued to the Vendor upon completion of the Sale and Purchase Agreement. Hsing Long is principally engaged in the business of trading of edible oil by-products by sourcing crude palm oil from Indonesian plantation and selling it to refineries and processors in South East Asia, Indian sub-continent, Europe and PRC. The acquisition will permit the Group to diversify its business so as to decrease its exposure to business and economic risks.

Concurrently, the Company had also entered into a Subscription Agreement with the Vendor to subscribe HK\$15.5 million worth of new shares of the Company at HK\$0.021 per share. 738,095,238 shares of the Company (the "Subscription Shares") will be issued to the Vendor upon completion of the Subscription Agreement. The subscription will provide financial resources to the Group to improve its liquidity and operating efficiency. The funds from subscription will be applied to improve the Group's working capital and to finance the Group's business operations.

Upon completion, the Vendor and its concert parties will be interested in 928,571,428 new shares of the Company, representing approximately 60.02% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Acquisition Consideration Shares and the allotment and issue of the Subscription Shares.

Subsequently, the Company had obtained all necessary approvals from its shareholders in relation to the aforesaid transactions during the Extraordinary General Meeting held on 26 July 2004. The proposed completion date of the transaction is expected to be on 20 August 2004.

FINANCIAL REVIEW

Results

For the nine months period ended 30 June 2004, the Group's unaudited consolidated turnover and loss attributable to shareholders were HK\$477,000 (2003: HK\$14,470,000) and HK\$8.1 million (2003: HK\$25.3 million) respectively. There was 96.7% decrease in turnover with an approximately 68.1% decrease in loss attributable to shareholders over the corresponding period last year. Gross profit margin was 63% for the nine months period under review (2003: 22%).

The decrease in loss attributable to shareholders was mainly attributable to the decrease in other operating costs which was represented by the provision of inventories made in the corresponding period last year. The increase in gross profit margin was mainly contributed by the relatively higher gross profit margin for the provision of product commercialization services.

Administrative expenses increased because of the cost for the amalgamation of the operations in Beijing into the operations in Shanghai and the legal and professional fees for the completion of the Sales and Purchase Agreement and Subscription Agreement entered by the Company on 23 March 2004.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2004, the interests and short positions of the directors and chief executive in the share capital of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.40 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest			Total	Approximate	Approximate
	Directly beneficially owned	Through controlled corporation	Beneficiary of a trust		percentage to existing issued share capital of the Company	percentage to the enlarged issued share capital of the Company
Ma Wai Hung, Vincent	-	12,000,000 [®]	132,650,000 [#]	144,650,000	23.40	9.36
Chen Vee Li, Felix	-	-	104,650,000 [*]	104,650,000	16.93	6.77
Chen Si Te, Frank	-	-	104,650,000 [*]	104,650,000	16.93	6.77
Wong Kwok Yiu, Chris	4,800,000	-	-	4,800,000	0.78	0.31

* 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 Chen Vee Li, Felix and Chen Si Te, Frank.

® These shares are beneficially owned by Jingle Holdings Limited, which is wholly beneficially owned by Ma Wai Hung, Vincent.

These shares are beneficially owned by E-Source Limited ("E-Source"), 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 Ma Wai Hung, Vincent.

Save as disclosed above, as at 30 June 2004, none of the directors and chief executive had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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.

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:

Name of non-executive/independent non-executive director	Number of share options granted on 11 July 2002	Exercise period of share options	Exercise price per share HK\$
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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2004, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name of substantial shareholder	Number of shares interested	Approximate percentage to existing issued share capital of the Company (%)	Approximate percentage to the enlarged issued share capital of the Company (%)
Dong Ming Jie Jacqueline	122,650,000 <i>(Note 1)</i>	19.84	7.93
Byron Bay Holdings Limited	105,300,000 <i>(Note 2)</i>	16.93	6.77
E-Source Limited	132,650,000	21.46	8.58
Chow Alex	39,000,000 <i>(Note 3)</i>	6.30	2.52
Chung Yi Wen	39,900,000	6.45	2.58
Interoverseas Consultancy Limited	137,937,714 <i>(Note 4)</i>	22.31	8.92
Cheung Kwai Lan	928,571,428 <i>(Note 5)</i>	150.19	60.02
Chan Tung Mei	928,571,428 <i>(Note 5)</i>	150.19	60.02
Best Frontier Investments Limited	928,571,428 <i>(Note 5)</i>	150.19	60.02
B & B Natural Products Limited ("B & B")	928,571,428 <i>(Note 5)</i>	150.19	60.02
China Success Enterprises Limited	928,571,428 <i>(Note 5)</i>	150.19	60.02
The Vendor	928,571,428 <i>(Note 5)</i>	150.19	60.02

Notes:

- The 122,650,000 shares interested include the 104,650,000 shares beneficially owned by Byron Bay Holdings Limited and the 18,000,000 share options held by Mr. Chen Vee Li, Felix. Mdm Dong Ming Jie, Jacqueline is the wife of Mr. Chen Vee Li, Felix.

2. The 105,300,000 shares interested include the 104,650,000 shares beneficially owned by Byron Bay Holdings Limited and the 650,000 share options held by Mr. Chen Si Te, Frank.
3. The 39,000,000 shares interested include the 30,000,000 shares beneficially owned by Mr. Chow Alex and 9,000,000 share options held by him.
4. These are the maximum number of shares that can be allotted and issued pursuant to a convertible note in the amount of HK\$5,000,000 issued by and an option granted by the Company as disclosed in the announcement of the Company dated 5 September 2003.
5. Upon Completion, the Vendor will hold 928,571,428 shares of the Company. B & B holds a 100% equity interest in China Success Enterprises Limited which holds a 100% equity interest in the Vendor. B & B is held as to 54.45% by Best Frontier Investments Limited which in turn is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei respectively. Accordingly, Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Best Frontier Investments Limited, B & B and China Success Enterprises Limited are deemed to be interested in the shares of the Company.

Save as disclosed above, no person, other than the directors and chief executive of the Company, whose interests are set out in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPETING INTERESTS

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

As at 30 June 2004, neither Kingston Corporate Finance Limited (the “Sponsor”), nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the Listing Rules) had any interest in the securities of the Company or of any members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any members of the Group.

Pursuant to a sponsor agreement dated 29 April 2002 between the Company and the Sponsor, the Sponsor is entitled to receive a fee for acting as the Company’s Sponsor for the period from 14 May 2002 to 30 September 2004.

BOARD PRACTICES AND PROCEDURES

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 has an audit committee (the "Committee") which was established with written terms of reference in compliance with Rules 5.23 and 5.24 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The Committee comprises the two independent non-executive directors, Mr. Ma Ching Nam and Dr. Yau Yat Yin, and one executive director, Lee Chan Wah of the Company.

The Group's unaudited results for the nine months ended 30 June 2004 have been reviewed by the Committee, who are of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures have been made.

PURCHASES, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 30 June 2004, 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, 12 August 2004