



APTUS Holdings Limited
問博控股有限公司

A P T U S (Incorporated in the Cayman Islands with limited liability)

First Quarterly Report **2004/2005**

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded 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.

The Stock Exchange takes no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 2004 together with the comparative unaudited figures for the corresponding periods in 2003 as follows:

	<i>Notes</i>	Three months ended	
		2004	2003
		<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	(3)	23,536	118
Cost of sales		(23,202)	(45)
Gross profit		334	73
Other revenue and gains		292	1
Selling and distribution costs		(263)	(46)
Administrative expenses		(1,516)	(1,851)
LOSS FROM OPERATING ACTIVITIES		(1,153)	(1,823)
Finance costs		(94)	(57)
LOSS BEFORE TAXATION		(1,247)	(1,880)
Taxation	(4)	(2)	–
LOSS BEFORE MINORITY INTEREST		(1,249)	(1,880)
Minority interest		(5)	–
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		(1,254)	(1,880)
LOSS PER SHARE	(6)		
Basic		(HK0.081 cent)	(HK0.3 cent)
Diluted		(HK0.077 cent)	N/A

Notes:

1. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the HKICPA. They have been prepared under the historical cost convention.

2. BASIS OF CONSOLIDATION

The unaudited consolidated results of the Group for the three months ended 31 December 2004 include the results of the Company and its subsidiaries for the three months ended 31 December 2004.

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

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowance for returns and trade discounts excluding value-added tax and business tax; and the value of services rendered during the period.

4. TAXATION

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits in Hong Kong during the period (2003: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretation and practices in respect thereof.

The Group and the Company have no significant potential deferred tax liabilities for which provision has not been made.

5. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 December 2004 (three months ended 31 December 2003: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 31 December 2004 is based on the unaudited net loss attributable to shareholders for the three months ended 31 December 2004 of approximately HK\$1.3 million (unaudited net loss attributable to shareholders for the three months ended 31 December 2003: approximately HK\$1.9 million) and the weighted average of 1,546,831,428 shares in issue during the three months ended 31 December 2004 (weighted average number of shares in issue for the three months ended 31 December 2003: 618,260,000 shares).

The calculation of diluted loss per share is based on the unaudited net loss attributable to shareholders for the three months ended 31 December 2004 of approximately HK\$1.3 million and of the weighted average of approximately 1,634,812,619 shares in issue during the three months ended 31 December 2004. There was no loss per share presented for the three months ended 31 December 2003 as there was no dilutive effect in that period.

7. MOVEMENT OF RESERVES

	Translation reserve <i>HK\$'000</i>	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 2004	7	55,175	17,240	(70,148)	2,274
Exchange differences arising from translation of financial statements of Singapore operation	27	–	–	–	27
Net loss for the period	–	–	–	(1,254)	(1,254)
At 31 December 2004	<u>34</u>	<u>55,175</u>	<u>17,240</u>	<u>(71,402)</u>	<u>1,047</u>
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	<u>–</u>	<u>44,960</u>	<u>17,240</u>	<u>(59,491)</u>	<u>2,709</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in trading edible oil, 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 months ended 31 December 2004, the Group's unaudited consolidated turnover and net loss attributable to shareholders are HK\$23.5 million (2003: HK\$118,000) and HK\$1.3 million (2003: HK\$1.9 million) respectively. There is a 198% increase in turnover with an approximately 33.3% decrease in net loss attributable to shareholders over the corresponding period of last year. Gross profit was 1.42% for the three months period under review (2003: 61.7%).

Despite of the turnover of over HK\$23 million, the Group recorded net loss attributable to shareholders of the Group for the three months ended 31 December 2004. The reason of which was mainly due to the fact that the turnover was principally contributed by trading of edible oil which gross profit margin was low.

BUSINESS REVIEW

During the period under review, the Group's trading of pharmaceutical products and commercialization services were not satisfactory. The Group swifited its focus to the trading of edible oil. As such, the Group's turnover was recorded higher as compared to the corresponding period of last year.

The management also has been realigned the organizational structure of the Group and continue to explore other business opportunities.

PROSPECT

On 22 December 2004, the Group signed a non-legally binded memorandum of cooperation with China Petroleum Pipeline Urban Gas Investment Limited (中國石油天然氣管道城市燃氣投資有限公司) to engage in the natural gas business in urban cities in the PRC. If this cooperation proceed, the Group will be engaged in the supply of natural gas in the PRC.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2004, the interests and short positions of the Directors and chief executives 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 (the "SFO")) which were 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 such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and shares of associated corporations

Name of Director	Company/ Name of associated corporation	Number of ordinary shares held			Total interest
		Corporate interest	Personal interest	Family interest	
Cheung Kwai Lan	Precise Result Profits Limited ("Precise")	928,571,428 (Note)	–	–	928,571,248

Note:

The 928,571,428 shares are owned by Precise which is an indirect wholly owned subsidiary of B & B Natural Products Limited ("B & B"). Madam Cheung Kwai Lan is deemed to be interested in the share of B & B under the SFO and thereby she is also deemed to be interested in the shares of the Company. For more information of Madam Cheung's interests in the Company, please refer to the section headed "Substantial shareholders' interests and short positions in the shares, underlying shares and debentures of the Company" of this report.

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 eligible participants. As at 31 December 2004, all of the pre-IPO shares options granted had been cancelled and none of these options had been exercised.

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 eligible participants at the sole discretion of the Board. 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. As at 31 December 2004, all of the post-IPO shares options previously granted to the directors of the Company had been cancelled and none of the directors of the Company had outstanding share options of the Company.

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.

Save as disclosed above, as at 31 December 2004, 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' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2004, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of Shareholders	Capacity	Number of ordinary shares held	Number of options and underlying shares held	Aggregate long position	Percentage of shareholding
Precise	Direct interest of corporation	928,571,428	–	928,571,428	60.03
China Success Enterprises Limited (<i>Note 1</i>)	Interest of corporation through wholly owned subsidiary	928,571,428	–	928,571,428	60.03
B & B (<i>Note 1</i>)	Interest of corporation through wholly owned subsidiary	928,571,428	–	928,571,428	60.03

Name of Shareholders	Capacity	Number of ordinary shares held	Number of share options and underlying shares held		Aggregate long position	Percentage of shareholding
Best Frontier Investments Limited (<i>Note 1</i>)	Interest of corporation through non-wholly owned subsidiary	928,571,428	–		928,571,428	60.03
Cheung Kwai Lan (<i>Note 2</i>)	Beneficial owner	928,571,428	–		928,571,428	60.03
Chan Tung Mei (<i>Note 2</i>)	Beneficial owner	928,571,428	–		928,571,428	60.03
Ma Wai Hung, Vincent (<i>Note 3</i>)	Through a discretionary trust/wholly owned subsidiary	144,650,000	–		144,650,000	9.35
E-Source Limited	Direct interest of corporation	132,650,000	–		132,650,000	8.58
Trustcorp Limited (<i>Note 4</i>)	Trustee	132,650,000	–		132,650,000	8.58

Notes:

1. Precise is a wholly owned subsidiary of China Success Enterprises Limited. China Success Enterprises Limited is a wholly owned subsidiary of B & B. As at 31 December 2004, Best Frontier Investments Limited was interested in approximately 54.36% of the issued share capital of B & B. The shares referred to herein relate to the same parcel of shares held by Precise.
2. Madam Cheung Kwai Lan and Mr. Chan Tung Mei have equity interests of 99.89% and 0.11%, respectively of the issued share capital of Best Frontier Investments Limited. Madam Cheung Kwai Lan is the spouse of Mr. Chan Tung Mei. Accordingly, Madam Cheung Kwai Lan and Mr. Chan Tung Mei are deemed to be interested in the shares under SFO. The shares referred to herein relate to the same parcel of shares held by Precise.

Besides, Madam Cheung Kwai Lan holds 1,380,000 shares of B & B as at 31 December 2004.
3. These shares are beneficially owned by E-Source Limited, which is wholly owned by Trustcorp Limited which is under the Ma Family 2002 Trust, a discretionary trust. The shares referred to herein relate to the same parcel of shares held by E-Source Limited.
4. The 132,650,000 shares are beneficially owned by E-Source Limited which is wholly owned by Trustcorp Limited. Trustcorp Limited 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. The 12,000,000 shares are beneficially owned by Jingle Holdings Limited which is wholly beneficially owned by Mr. Ma Wai Hung, Vincent.

Save as disclosed above, as at 31 December 2004, the Directors are not aware of any other person who has an interest or short position in the shares or underlying shares and debentures of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or who is interested in 5% or more of the Company’s issued share capital.

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.

BOARD PRACTICES AND PROCEDURES AND CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules regarding board practices and procedures throughout the three months ended 31 December 2004.

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the three months ended 31 December 2004.

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 three independent non-executive directors, namely Mr. Tian He Nian, Mr. Zhao Zhi Ming and Mr. Tsui Wing Tak. The unaudited consolidated results of the Group for the three months ended 31 December 2004 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 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
CHAN Ting
Executive Director

Hong Kong, 28 January 2005

As at the date of this report, the board of directors of the Company comprises three executive directors, being Madam Cheung Kwai Lan, Mr. Chan Ting and Mr. Fung King Him, Daniel and three independent non-executive directors, being Mr. Tian He Nian, Mr. Zhao Zhi Ming and Mr. Tsui Wing Tak.