



APTUS HOLDINGS LIMITED
問博控股有限公司

(Incorporated in the Cayman Islands with limited liability)

2005
Annual Report

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, makes 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 board of directors of Aptus Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.



Contents

2	CORPORATE INFORMATION
3	CHAIRMAN'S STATEMENT
5	MANAGEMENT DISCUSSION AND ANALYSIS
7	DIRECTORS AND SENIOR MANAGEMENT
9	DIRECTORS' REPORT
17	AUDITORS' REPORT
19	CONSOLIDATED INCOME STATEMENT
20	CONSOLIDATED BALANCE SHEET
21	BALANCE SHEET
22	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
23	CONSOLIDATED CASH FLOW STATEMENT
25	NOTES TO THE FINANCIAL STATEMENTS
56	FINANCIAL SUMMARY

Corporate Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Madam CHEUNG Kwai Lan

Mr. CHAN Ting

Mr. FUNG King Him, Daniel

Independent Non-executive Directors

Mr. TIAN He Nian

Mr. ZHAO Zhi Ming

Mr. TSUI Wing Tak

AUDIT COMMITTEE

Mr. TIAN He Nian

Mr. ZHAO Zhi Ming

Mr. TSUI Wing Tak

AUTHORISED REPRESENTATIVES

Mr. CHAN Ting

Mr. FUNG King Him, Daniel

COMPLIANCE OFFICER

Mr. FUNG King Him, Daniel

COMPANY SECRETARY

Mr. CHAN Man Sum, Ivan *AICPA*

QUALIFIED ACCOUNTANT

Mr. CHAN Man Sum, Ivan *AICPA*

PRINCIPAL BANKER

Nanyang Commercial Bank, Limited

151 Des Voeux Road Central

Hong Kong

AUDITORS

W.H. Tang & Partners CPA Limited

Level 7, Parkview Centre

7 Lau Li Street, Causeway Bay

Hong Kong

REGISTERED OFFICE

Century Yard, Cricket Square

Hutchins Drive, P.O. Box 2681

GT, George Town, Grand Cayman

British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

30th Floor, Sunshine Plaza

No. 353 Lockhart Road, Hong Kong

SHARE REGISTRAR AND TRANSFER

Tengis Limited

Ground Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road, Wanchai, Hong Kong

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**" or the "**Directors**") of Aptus Holdings Limited (the "**Company**"), I herein present the results of the Company and its subsidiaries (the "**Group**") for the period ended 30 June 2005.

Development

In June 2005, the Group entered into an agreement with China United (International) Investment Development Limited to acquire 70% equity interest of CNPC Huayou CU Energy Investment Co. Ltd. ("**CNPC Investment**"). CNPC Investment is, a sino foreign co-operative joint venture enterprise established by China Hua You Group Corporation ("**Hua You**") and China United (International) Investment Development Limited, both being independent third parties. CNPC Investment has an oilfield development project located in Fong Cheng, Xinjiang Autonomous Region, the People's Republic of China (the "**PRC**") ("**Xin Jiang Oilfield**").

The mining operation of Xin Jiang Oilfield is anticipated to be managed and operated by Hua You, which is a wholly-owned subsidiary of China National Petroleum Corporation, being one of the three largest oil and gas firms in the PRC, and engaging in the production and marketing of oil and gas products, production of latest building materials and gas development and exploitation in the PRC and has extensive experience in mining industries in the PRC.

During the period ended 30 June 2005, the Group disposed its subsidiaries, Aptus Medical Group Limited and Aptus Group Limited in order to streamline the business and restructuring the operations of the Group.

Future Outlook and Prospects

According to the latest data published by the U.S Energy Information Administration ("EIA") in July 2004, a governmental authority of the United States, the PRC was the world's second largest consumer of petroleum products in 2003, with total demand of 5.56 million barrels per day (bbl/d). The PRC's oil demand is projected by the EIA to reach 12.8 million bbl/d by 2025, with net imports of 9.4 million bbl/d. As the source of around 40% of world oil demand growth over the past four years, oil demand by the PRC is a very significant factor in the world oil markets.

The acquisition of CNPC Investment shall provide a marvelous opportunity for the Group to expand its business into the rapid growing oil industry in the PRC. The profit from the mining of the Xin Jiang Oilfield is prosperous and shall be able to enhance the Group's financial position. Besides, this acquisition permits the Group to establish business relationship with Hua You, which is believed to enable the Group to explore more business opportunities in the oil and gas industries in the PRC and allow the Group to further expand its business.

Chairman's Statement

Acknowledgement

On behalf of the Board, I wish to thank all our valued shareholders, customers, business associates, and advisors for their invaluable assistance and strong support. I would also like to thank my fellow Directors, the management and the staff for their dedication, commitment and valuable contributions to the Group. The Board, the management and the staff will continue to give their best effort to overcome any challenges and to improve the Group's results.

Madam Cheung Kwai Lan

Chairman

Hong Kong, 29 September 2005

Management Discussion and Analysis

FINANCIAL REVIEW

In order that the financial year end of the Company coincides with its holding company B & B Group Holdings Limited (formerly known as B & B Natural Products Limited, which holds approximately 60% shareholding of the Company and is a company listed on the GEM of the Stock Exchange), the Board has resolved to change the Company's financial year end from 30 September to 30 June with effect from the year of 2005. Therefore, this annual report represents the results of the Group for the nine months ended 30 June 2005.

During the period ended 30 June 2005, the Group engaged principally in the trading of edible oil by-products, namely vegetable oil by sourcing crude palm oil from Indonesian plantation and selling it to refineries and processors in Europe, South East Asia and the PRC.

For the nine months period ended 30 June 2005, the Group recorded turnover of approximately HK\$67.2 million, representing an increase of approximately 95.4% as compared to approximately HK\$34.4 million for the year ended 30 September 2004. The increase of turnover was attributed to the increase of sales of edible oil.

The Group's administrative expenses amounted to approximately HK\$7.3 million (2004: HK\$13.3 million), representing a decrease of approximately 44.8%. The administrative expenses consisted mainly of Directors emoluments of approximately HK\$2.4 million, staff cost of approximately HK\$1.4 million, legal and professional fee of approximately HK\$1 million, amortization of goodwill of approximately HK\$0.6 million, depreciation of fixed assets of approximately HK\$0.5 million, entertainment expenses of approximately HK\$0.3 million and rental expenses of approximately HK\$0.2 million.

Net loss attributable to shareholders for the period ended 30 June 2005 was approximately HK\$3.7 million, representing an improvement of 70.2% as compared to the year ended 30 September 2004 of approximately HK\$12.5 million. The decrease was mainly attributed to (i) the streamline and restructuring of the Group's operation by disposal of Aptus Medical Group Limited, which recorded loss for the two years ended 30 September 2004 of approximately HK\$27.4 million and HK\$9.5 million, respectively; and (ii) decrease in administrative expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL

As at 30 June 2005, the Group had assets of approximately HK\$24.1 million (30 September 2004: HK\$50.1 million), including net cash and bank balances of approximately HK\$11 million (30 September 2004: HK\$17.6 million).

As at 30 June 2005, the Group had bank facilities of approximately HK\$101 million, details of which are set out in note 25 to the financial statements. The gearing ratio, defined as the ratio between total bank borrowings including facilities on letter of credit and shareholders' equity, was 0% (30 September 2004: 24.3%). During the period ended 30 June 2005, the Group financed its operations and investing activities primarily with internally generated cash flows.

Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The business activities of the Group are not exposed to material fluctuations in exchange rate except its operations through its subsidiaries in the PRC and Singapore which are subject to fluctuation in exchange rates between Renminbi, Singaporean dollars and Hong Kong dollars.

CONTINGENT LIABILITIES

As at 30 June 2005, the Group had no contingent liabilities.

SIGNIFICANT INVESTMENT

For the period ended 30 June 2005, the Group disposed its subsidiaries Aptus Medical Group Limited and Aptus Group Limited. Gain on disposal of subsidiaries for the related transactions was approximately HK\$2.8 million.

CAPITAL STRUCTURE

During the period ended 30 June 2005, the Company issued 3,325,000 shares under the share option schemes to provide incentives and rewards to its full time employees. As at 30 June 2005, the number of the Company's issued shares was enlarged to 1,550,156,428 shares.

Directors and Senior Management

DIRECTORS

Executive Directors

Madam CHEUNG Kwai Lan, aged 67, was appointed as an executive Director on 20 December 2004. Madam Cheung Kwai Lan is responsible for business development, strategic planning and marketing for the Group. She is the vice president of the Zhang Xueliang Foundation (張學良基金會). She graduated from Shanxi Tai Yuan Medical School in 1960 and was a researcher of 山西省太原(原子能)研究所 (Shangxi Province Tai Yuan (Solar) Research Centre), which was one of the institutions of the Chinese Academy of Sciences. She also participated in the research and development of the radioactive material Cobalt 60 for imaging and cancer treatment. Madam Cheung is an executive Director of B & B Group Holdings Limited. She is the mother of Mr. Chan Ting, being an executive Director.

Mr. CHAN Ting, aged 35, was appointed as an executive Director and the authorised representative of the Company on 27 August 2004. He was awarded a degree in Economics from Macquarie University in Australia in 1993. Mr. Chan Ting has over 10 years of solid experience in establishing and managing companies in the PRC. He is an executive Director and chief executive officer of B & B Group Holdings Limited.

Mr. FUNG King Him, Daniel, aged 35, was appointed as an executive Director, the compliance officer and authorised representative of the Company on 27 August 2004. He holds a bachelor's degree from the University of Wisconsin in the United States of America with double majors in Mathematics and Computer Science. He previously worked in Lehman Brothers Asia Limited, HSBC Asset Management Limited and Platinum Securities Company Limited.

Independent Non-executive Directors

Mr. TIAN He Nian, aged 65, was appointed as an independent non-executive Director and audit committee member of the Company on 30 September 2004. He was the deputy head of the Department of United Front Work of the Central Government of the PRC from 1998 to 2003. He is the vice-chairman of China Overseas Association. He is also an independent non-executive director and audit committee member of B & B Group Holdings Limited.

Mr. ZHAO Zhi Ming, aged 63, was appointed as an independent non-executive Director and audit committee member of the Company on 20 January 2005. Mr. Zhao is the committee member of the 國家開發銀行專家委員會 (The Specialist Committee of the China Development Bank) and the Professor of the 遼寧工程技術大學 (LiaoNing Technical University). After graduation from the university in 1964, he had worked for several government authorities of the PRC, such as 天津市政府部門 (Tianjian Government), 國家開發銀行 (China Development Bank) and 國家能源投資公司 (National Energy Investment Company of the PRC). Mr. Zhao has rich experience in managing, investing and large size infrastructure projects.

Directors and Senior Management

Mr. TSUI Wing Tak, aged 36, was appointed as an independent non-executive Director and audit committee member of the Company on 27 August 2004. Mr. Tsui holds a bachelor's degree in Economics from Macquarie University, Australia. He is a member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia. He has over 11 years of experience in auditing, accounting and financing. He is also an independent non-executive director and audit committee member of B & B Group Holdings Limited.

SENIOR MANAGEMENT

Mr. WONG Kim Ket, aged 44, is the executive director of one of the Company's subsidiary, Hsing Long Trading Co. Pte. Ltd. in Singapore, which is mainly engaged in the edible oil business. He is one of the founders of the subsidiary and has been managing the subsidiary for more than 6 years. His formal educational background is in computer engineering and he also holds a Master in Business Administration (MBA) from University of Oregon in USA. His responsibilities include overall day-to-day management and operations, and implementation and control of new as well as existing strategies and businesses for the subsidiary. He has more than 15 years of working experience in international trade and financial operations.

Mr. CHAN Man Sum, Ivan, aged 32, is the chief financial officer, the qualified accountant and the company secretary of the Company. He joined the Group on 27 August 2004. He is a member of the American Institute of Certified Public Accountants and holds a Bachelor of Science degree in Business Administration with emphasis on Accounting issued by California State University, Los Angeles. He had over 8 years of experience in the fields of investment banking, accounting and financial management.

Directors' Report

The Directors present their annual report and the audited financial statements for the period from 1 October 2004 to 30 June 2005.

CHANGE OF FINANCIAL YEAR END

Effective from the 2005 financial year, the year end date of the Group has changed from 30 September to 30 June. Accordingly, the 2005 financial year covers a nine-month period starting from 1 October 2004 to 30 June 2005. All subsequent financial years shall start on 1 July and end on 30 June.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 16 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the period are set out in the consolidated income statement on page 19.

The Directors do not recommend the payment of any dividend for the period.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the period are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the period are set out in note 21 to the financial statements.

SHARE OPTION SCHEMES

Details of movements in the share option schemes of the Company during the period are set out in note 22 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the period are set out in note 23 to the financial statements.

DISTRIBUTABLE RESERVES

As at 30 June 2005, the Company had no retained profits available for cash distribution and/or distribution in specie. As at 30 June 2005, under the Companies Law (2001 Second Revision) of the Cayman Islands, the Company's share premium account and capital reserve of approximately HK\$55,408,000 and HK\$15,826,000, respectively, may be distributed to the shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

Directors' Report

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interest of the Group for the five financial years is set out on page 56 of this annual report.

DIRECTORS

The Directors during the period and up to the date of this report were:

Executive Directors

Madam Cheung Kwai Lan (Appointed on 20 December 2004)
Mr. Chan Ting
Mr. Fung King Him, Daniel

Independent Non-executive Directors

Mr. Tian He Nian
Mr. Zhao Zhi Ming (Appointed on 20 January 2005)
Mr. Tsui Wing Tak
Madam Qi Mei (Resigned on 20 January 2005)

In accordance with Article 87(1) of the Articles of Association of the Company (the "Articles"), Mr. Fung King Him, Daniel, being the director to retire by rotation, shall retire from office and being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with Article 86(3) of the Articles, all directors appointed after the Company's last annual general meeting will hold office until the next annual general meeting and shall then be eligible for re-election. In this regard, Mr. Zhao Zhi Ming, being the director announced of the last annual general meeting of the Company held on 19 January 2005, shall hold office until the forthcoming annual general meeting, and being eligible, offer himself for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

The three executive Directors, Madam Cheung Kwai Lan, Mr. Chan Ting and Mr. Fung King Him, Daniel, have not entered into service contracts with the Company. They are not appointed for a specific term and are subject to retirement by rotation and re-election pursuant to the Articles. They are also entitled to terminate their appointment at any time by giving the Company at least three months' notice in writing. The three independent non-executive Directors, Mr. Tian He Nian, Mr. Zhao Zhi Ming and Mr. Tsui Wing Tak, have not entered into service contracts with the Company. They are not appointed for a specific term and are subject to retirement by rotation and re-election pursuant to the Articles. They are also entitled to terminate their appointment at any time by giving the Company at least three months' notice in writing.

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the nine months period ended 30 June 2005 and the Company considers the independent non-executive Directors to be independent.

Directors' Report

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No other contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2005, 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:

(1) Long positions in the ordinary shares of the Company

Name of director	Number of ordinary shares held			Total interest	Percentage of the Company's issued share capital
	Personal interest	Corporate interest	Under share option scheme		
Madam Cheung Kwai Lan	–	928,571,428 (Note)	–	928,571,428	59.90

Note:

These shares are owned by Precise Result Profits Limited, which is an indirect wholly-owned subsidiary of B & B Group Holdings Limited. Accordingly, Madam Cheung Kwai Lan is deemed to be interested in the shares of the Company under SFO for her controlling interests in Best Frontier Investments Limited, which owns approximately 54% of the issued share capital of B & B Group Holdings Limited.

(2) Share option schemes

Details of the share option schemes adopted by the Company are set out in note 22 to the financial statements.

As at 30 June 2005, no share option had been granted or agreed to be granted to the Directors and chief executive under the Post-IPO Option Scheme. During the period, 154,680,000 share options had been granted to certain eligible participants under Post-IPO Option Scheme.

Directors' Report

The closing price of the Company's shares on 1 November 2004, the date of grant of the share options, was HK\$0.10.

The Directors consider that it is inappropriate to state the value of the options granted during the period due to the following reasons:-

- (1) the calculation of the value of the options will be based on a number of undetermined but crucial variables such as the exercise price payable for the shares in the Company, the number of options to be granted under the scheme during its duration, the exercisable period, interest rate, expected volatility and other relevant variables. In particular, the duration of the scheme will make these volatile variables very difficult to ascertain with accuracy;
- (2) the generally accepted pricing models of options normally value options which are transferable but the options granted to a grantee under the scheme are personal to the grantee and are non-transferable and non-assignable and hence calculation of the value of the options granted under the scheme using such pricing models may not be appropriate; and
- (3) the Directors are of the view that the calculation on speculative assumptions would not be meaningful and would be misleading to the shareholders of the Company.

Save as disclosed above, as at 30 June 2005, none of the Directors or chief executive of the Company had any 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 would have 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 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2005, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under S336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Precise Result Profits Limited ("Precise")	Direct interest of corporation	928,571,428	–	928,571,428	59.90
China Success Enterprises Limited (Note 1)	Interest of corporation through wholly owned subsidiary	928,571,428	–	928,571,428	59.90
B & B Group Holdings Limited (Note 2)	Interest of corporation through wholly owned subsidiary	928,571,428	–	928,571,428	59.90
Best Frontier Investments Limited (Note 3)	Interest of corporation through non-wholly owned subsidiary	928,571,428	–	928,571,428	59.90
Cheung Kwai Lan (Note 4)	Beneficial owner	928,571,428	–	928,571,428	59.90
Chan Tung Mei (Note 5)	Beneficial owner	928,571,428	–	928,571,428	59.90

Notes:

1. Precise is a wholly owned subsidiary of China Success Enterprises Limited. The shares referred to herein relate to the same parcel of shares held by Precise.
2. China Success Enterprises Limited is a wholly owned subsidiary of B & B Group Holdings Limited. The shares referred to herein relate to the same parcel of shares held by Precise.
3. As at 30 June 2005, Best Frontier Investments Limited is interested in approximately 54% of the issued share capital of B & B Group Holdings Limited. The shares referred to herein relate to the same parcel of shares held by Precise.

Directors' Report

4. 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 is deemed to be interested in the shares under SFO. The shares referred to herein relate to the same parcel of shares held by Precise.
5. 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. Mr. Chan Tung Mei is the spouse of Madam Cheung Kwai Lan. Accordingly, Mr. Chan Tung Mei is deemed to be interested in the shares under SFO. The shares referred to herein relate to the same parcel of shares held by Precise.

Save as disclosed above, as at 30 June 2005, so far as is known to the Directors and the chief executives of the Company, no other person has interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO, or, were, 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 the Company.

CONNECTED TRANSACTIONS

During the period, there were no significant transactions which require to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

For the period ended 30 June 2005, the Group made 100% of its entire sales to three customers and sales to the largest customer included therein amounted to approximately 50%.

Purchases from the Group's five largest suppliers accounted for approximately 99% of the total purchases for the period and purchases from the largest supplier included therein amounted to approximately 36%.

None of the directors of the Company, or any of their associates or any other shareholders, which, to the best knowledge of the directors, owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's three customers or five largest suppliers during the period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Directors' Report

EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEMES

As at 30 June 2005, the Group had 13 (At 30.9.2004: 20) full time employees. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. In addition to salaries and provident fund contribution, the Group also offers medical benefits and training programs. Share options may be granted to employees based on performance valuation in order to provide incentives and rewards.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

None of the directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consisted of three independent non-executive directors, namely Mr. Tian He Nian, Mr. Zhao Zhi Ming and Mr. Tsui Wing Tak. Mr. Tsui Wing Tak is the chairman of the audit committee. The Group's audited results for the period ended 30 June 2005 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made. Three meetings were held during the current financial period.

BOARD PRACTICES AND PROCEDURES AND CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the period, the Company was in compliance with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code of Corporate Governance Practices and Rules on Corporate Governance Report on 1 January 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial period ending 30 June 2006.

The Company had applied a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed they had complied with the required standard of dealings and the Code of Conduct regarding securities transactions by Directors adopted by the Company.

Directors' Report

The Company has received, from each of the three independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the three independent non-executive Directors are independent.

AUDITORS

Messrs. Ernst & Young acted as auditors of the Company for the year ended 30 September 2003. Messrs. W.H. Tang & Partners CPA Limited acted as the auditors of the Company for the year ended 30 September 2004 and thereafter.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. W.H. Tang & Partners CPA Limited.

On behalf of the Board

Madam Cheung Kwai Lan

Chairman

Hong Kong, 29 September 2005

鄧偉雄會計師事務所有限公司

Level 7, Parkview Centre,
7 Lau Li Street,
Causeway Bay, Hong Kong.

香港銅鑼灣琉璃街七號
栢景中心七樓

Tel : (852) 23426130

Fax : (852) 23426006

**W.H. TANG
& PARTNERS
CPA LIMITED**

TO THE MEMBERS OF APTUS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 19 to 55 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Auditors' Report

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2005 and of the loss and cash flows of the Group for the period from 1 October 2004 to 30 June 2005 and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

W.H. Tang & Partners CPA Limited

Hong Kong, 29 September 2005

Tang Wai Hung

Practising Certificate Number P03525

Consolidated Income Statement

For the period from 1 October 2004 to 30 June 2005

	Notes	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
TURNOVER	5	67,190	34,392
Cost of sales		(64,992)	(32,143)
Gross profit		2,198	2,249
Other revenue	5	271	4,345
Selling and distribution costs		(1,689)	–
Administrative expenses		(7,337)	(13,299)
Gain on disposal of subsidiaries	24(b)	2,842	60
Other operating expenses		–	(2,703)
Loss on disposal of a jointly controlled entity		–	(2,789)
LOSS FROM OPERATIONS	7	(3,715)	(12,137)
Finance costs	8	(30)	(291)
Share of loss of a jointly controlled entity		–	(53)
LOSS BEFORE TAXATION		(3,745)	(12,481)
Taxation	11	–	–
LOSS BEFORE MINORITY INTEREST		(3,745)	(12,481)
Minority interest		5	(56)
NET LOSS FOR THE PERIOD/YEAR	12	(3,740)	(12,537)
LOSS PER SHARE			
Basic	13	(HK0.24 cent)	(HK1.77 cents)
Diluted	13	(HK0.22 cent)	(HK1.75 cents)

Consolidated Balance Sheet

At 30 June 2005

	Notes	30.6.2005 HK\$'000	30.9.2004 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	53	1,363
Goodwill	15	3,361	3,982
		<u>3,414</u>	<u>5,345</u>
CURRENT ASSETS			
Accounts receivables	17	9,605	26,906
Prepayments, deposits and other receivables		117	278
Bank balances and cash		10,955	17,571
		<u>20,677</u>	<u>44,755</u>
CURRENT LIABILITIES			
Accounts payables	18	9,549	22,678
Accrued liabilities and other payables		1,575	4,714
Taxation		5	534
Finance lease payables	19	–	14
Bank borrowings	20	–	4,305
		<u>11,129</u>	<u>32,245</u>
NET CURRENT ASSETS		<u>9,548</u>	<u>12,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,962	17,855
MINORITY INTEREST		<u>(108)</u>	<u>(113)</u>
NET ASSETS		<u>12,854</u>	<u>17,742</u>
CAPITAL AND RESERVES			
Share capital	21	15,501	15,468
Reserves	23	(2,647)	2,274
SHAREHOLDERS' FUNDS		<u>12,854</u>	<u>17,742</u>

The financial statements on pages 19 to 55 were approved and authorised for issue by the Board of Directors on 29 September 2005 and are signed on its behalf by:

CHAN TING
Director

FUNG KING HIM, DANIEL
Director

Balance Sheet

At 30 June 2005

	Notes	30.6.2005 HK\$'000	30.9.2004 HK\$'000
NON-CURRENT ASSETS			
Investment in subsidiaries	16	4,000	4,000
Property, plant and equipment	14	53	–
		<u>4,053</u>	<u>4,000</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables		104	–
Amount due from subsidiaries	16	23	895
Bank balances and cash		10,057	16,452
		<u>10,184</u>	<u>17,347</u>
CURRENT LIABILITIES			
Accrued liabilities and other payables		825	1,830
Amount due to subsidiaries	16	17	4,600
		<u>842</u>	<u>6,430</u>
NET CURRENT ASSETS		<u>9,342</u>	<u>10,917</u>
NET ASSETS		<u>13,395</u>	<u>14,917</u>
CAPITAL AND RESERVES			
Share capital	21	15,501	15,468
Reserves	23	(2,106)	(551)
SHAREHOLDERS' FUNDS		<u>13,395</u>	<u>14,917</u>

CHAN TING
Director

FUNG KING HIM, DANIEL
Director

Consolidated Statement of Changes in Equity

For the period from 1 October 2004 to 30 June 2005

	<i>Notes</i>	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Total equity at the beginning of period/year		<u>17,742</u>	<u>10,772</u>
Exchange differences arising from translation of financial statements of Singapore operation		<u>-</u>	<u>7</u>
Net gain not recognised in the Consolidated Income Statement		<u>-</u>	<u>7</u>
Net loss for the period/year	23	(3,740)	(12,537)
Shares issued on exercised of options		266	-
Capital reserve realised on disposal of subsidiaries		(1,414)	-
Issue of shares pursuant to sale and purchase agreement		-	4,000
Issue of shares pursuant to subscription agreement		<u>-</u>	<u>15,500</u>
		<u>(4,888)</u>	<u>6,963</u>
Total equity at the end of period/year		<u>12,854</u>	<u>17,742</u>

Consolidated Cash Flow Statement

For the period from 1 October 2004 to 30 June 2005

	Notes	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
OPERATING ACTIVITIES			
Loss before taxation		(3,745)	(12,481)
Adjustment for:			
Interest income		(16)	(6)
Finance costs		30	291
Gain on disposal of subsidiaries		(2,842)	(60)
Depreciation of property, plant and equipment		464	2,320
Impairment of property, plant and equipment		-	2,703
Amortisation of goodwill		621	69
Share of loss of a jointly controlled entity		-	53
Loss on disposal of a jointly controlled entity		-	2,789
Gain on redemption of convertible notes		-	(4,319)
Provision for doubtful debts		-	619
Provision for other deposits		-	110
Operating cash flows before movements in working capital		(5,488)	(7,912)
Decrease (increase) in accounts receivable		17,301	(22,159)
(Increase) decrease in prepayments, deposits and other receivables		(122)	170
(Decrease) increase in accounts payable		(13,098)	22,333
Decrease in accrued liabilities and other payables		(1,064)	(3,151)
Increase in amount due from a jointly controlled entity		-	(111)
Cash used in operations		(2,471)	(10,830)
Interest received		16	6
Interest paid		(30)	(287)
Overseas taxation paid		(6)	-
Interest element on finance lease rental payments		-	(4)
NET CASH USED IN OPERATING ACTIVITIES		(2,491)	(11,115)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(60)	-
Proceeds from disposal of subsidiaries	24(b)	(26)	-
Acquisition of subsidiaries	24(a)	-	2,341
Refund on long term deposit		-	3,400
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(86)	5,741

Consolidated Cash Flow Statement

For the period from 1 October 2004 to 30 June 2005

	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
FINANCING ACTIVITIES		
Issue of shares	266	15,500
(Decrease) increase in trust receipt loans	(4,305)	4,305
Repayment of convertible notes	-	(3,216)
Capital element of finance lease rental payments	-	(65)
	<u>(4,039)</u>	<u>16,524</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(4,039)	16,524
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,616)	11,150
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	17,571	6,414
Effect of foreign exchange rate changes	-	7
	<u>10,955</u>	<u>17,571</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	10,955	17,571
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	<u>10,955</u>	<u>17,571</u>

Notes to the Financial Statements

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its holding company is B & B Group Holdings Limited (formerly known as B & B Natural Products Limited), which is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of the Stock Exchange.

The principal activities of the Company is investment holding. During the period, the Group was principally involved in the distribution of edible oil.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005 except for HKFRS 3 “Business Combinations”. The Group has not early adopted these new HKFRSs in the financial statements for the period ended 30 June 2005.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1 January 2005. The Group has not entered into any business combination for which the agreement date is on or after 1 January 2005. Therefore, HKFRS 3 did not have any impact on the Group for the period ended 30 June 2005.

The Group has commenced considering the potential impact of other new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period ended 30 June 2005. The results of the subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, respectively.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition. Goodwill arising on acquisition is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

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. Related parties may be individuals or corporate entities.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment losses at the balance sheet date. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally 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 property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

The cost of leasehold improvements is depreciated using the straight-line method over the period of respective leases. Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture and fixtures	20%
Computer equipment	20%

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

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 or expense that are taxable or deductible in other years and it further excludes items that are never taxable or 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, 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 profit 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.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Exchange differences are dealt with in the income statement.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The income statements of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling as at the balance sheet date. The resulting translation differences are included in the Group's translation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling as at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

(a) Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiary that operates in Singapore are required to participate in a central pension scheme operated by the Central Provident Fund Scheme. The Singapore subsidiary is required to contribute pension, based on a certain percentage of their payroll costs, to the pension schemes. The contributions are charged to income statement as they become payable in accordance with the rules of the pension schemes.

(b) Share option schemes

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participant who, in the sole discretion of the Board, have contributed or may contribute to the Group. The financial impact of share options granted under the share option schemes is not recorded in the Company’s or the Group’s balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

4. SEGMENT INFORMATION

Business segments

During the period ended 30 June 2005, the Group’s entire turnover is contributed by its distribution of edible oil business.

For the year ended 30 September 2004, besides distribution of edible oil, the Group also engaged in certain services provision included the provision of direct marketing, product consulting and sales force management services to pharmaceutical and healthcare companies as well as trading operation such as marketing and distribution of pharmaceutical and healthcare products. Upon the completion of disposal of Aptus Group Limited and Aptus Medical Group Limited as detailed in notes 6 and 24(b), these businesses were discontinued.

Notes to the Financial Statements

4. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Summary details of the business segments are as follows:

	Services provision		Trading operation		Consolidated	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Segment revenue:						
Sales to external customers	-	2,233	67,190	32,159	67,190	34,392
Segment results	-	(4,713)	40	189	40	(4,524)
Unallocated income					3,135	4,405
Unallocated expenses					(6,890)	(12,018)
					(3,715)	(12,137)
Finance costs					(30)	(291)
Share of loss of a jointly controlled entity					-	(53)
Loss before taxation					(3,745)	(12,481)
Taxation					-	-
Loss before minority interest					(3,745)	(12,481)
Minority interest					5	(56)
Net loss for the period/year					(3,740)	(12,537)

Notes to the Financial Statements

4. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

	Services provision		Trading operation		Consolidated	
	1.10.2004		1.10.2004		1.10.2004	
	to	Year ended	to	Year ended	to	Year ended
	30.6.2005	30.9.2004	30.6.2005	30.9.2004	30.6.2005	30.9.2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	-	1,670	10,517	27,942	10,517	29,612
Unallocated assets					13,574	20,488
Total assets					24,091	50,100
Segment liabilities	-	667	9,656	27,092	9,656	27,759
Unallocated liabilities					1,473	4,486
Total liabilities					11,129	32,245
Other segment information:						
Depreciation and amortisation	-	2,320	-	-	-	2,320
Unallocated amounts					1,085	69
					1,085	2,389
Impairment losses recognised in the income statement	-	2,703	-	-	-	2,703
Unallocated amounts					-	-
					-	2,703
Capital expenditure	-	-	-	-	-	-
Unallocated amounts					60	-
					60	-
Other non-cash expenses	-	729	-	-	-	729

Notes to the Financial Statements

4. SEGMENT INFORMATION *(continued)*

Geographical segments

A summary of the geographical segments is set out as follows:

	Turnover		Segment results		Segment assets		Capital expenditure	
	1.10.2004		1.10.2004		1.10.2004		1.10.2004	
	to	Year ended	to	Year ended	to	Year ended	to	Year ended
	30.6.2005	30.9.2004	30.6.2005	30.9.2004	30.6.2005	30.9.2004	30.6.2005	30.9.2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	14,964	22,812	9	(3,274)	-	307	-	-
Hong Kong	-	1,755	-	(1,308)	13,574	21,851	60	-
South East Asia	42,954	9,825	26	58	10,517	27,942	-	-
Europe	9,272	-	5	-	-	-	-	-
	67,190	34,392	40	(4,524)	24,091	50,100	60	-
Unallocated income			3,135	4,405				
Unallocated expenses			(6,890)	(12,018)				
Loss from operations			(3,715)	(12,137)				

5. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and business tax. An analysis of turnover and other revenue is as follows:

	The Group	
	1.10.2004 to	Year ended
	30.6.2005	30.9.2004
	HK\$'000	HK\$'000
Turnover		
Sales of goods	67,190	32,159
Provision of services	-	2,233
	67,190	34,392

Notes to the Financial Statements

5. TURNOVER AND OTHER REVENUE *(continued)*

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Other revenue		
Interest income	16	6
Others	309	11
Rental income	–	96
Gain on redemption of convertible notes	–	4,319
	<u>325</u>	<u>4,432</u>
Exchange losses, net	(54)	(87)
	<u>271</u>	<u>4,345</u>

6. DISCONTINUED OPERATIONS

On 4 March 2005, the Group disposed of its entire 100% equity interests in Aptus Group Limited (“AGL”) and Aptus Medical Group Limited (“AMGL”) to certain independent third parties for total consideration of HK\$50,001. Upon completion of the disposal of AGL and AMGL, the Group discontinued its business in the provision of direct marketing, product consulting and sales force management services to pharmaceutical and healthcare companies and business in trading of pharmaceutical and healthcare products.

Notes to the Financial Statements

6. DISCONTINUED OPERATIONS *(continued)*

The turnover, other revenue, expenses and results of the discontinued operations for the period from 1 October 2004 to the date of discontinuance, which have been included in the consolidated financial statements are as follows:

	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
TURNOVER	-	2,233
Cost of sales	-	(175)
	<hr/>	<hr/>
Gross profit	-	2,058
Other revenue	-	8
Administrative expenses	(460)	(6,782)
Other operating expenses	-	(2,703)
Loss on disposal of a jointly controlled entity	-	(2,789)
(Loss) gain on disposal of subsidiaries	(499)	60
	<hr/>	<hr/>
LOSS FROM OPERATIONS	(959)	(10,148)
Finance costs	-	(4)
Share of loss of a jointly controlled entity	-	(53)
	<hr/>	<hr/>
NET LOSS FOR THE YEAR	(959)	(10,205)

The net cash flows from the discontinued operations are as follows:

	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Operating	(71)	(4,108)
Investing	(26)	3,400
Financing	-	(65)
	<hr/>	<hr/>
	(97)	(773)

Notes to the Financial Statements

6. DISCONTINUED OPERATIONS *(continued)*

The carrying amounts of the total assets and liabilities, relating to the discontinued operations are as follows:

	30.6.2005 HK\$'000	30.9.2004 <i>HK\$'000</i>
Total assets	1,265	1,690
Total liabilities	(2,643)	(2,643)
Net liabilities of subsidiaries disposed of	(1,378)	(953)

7. LOSS FROM OPERATIONS

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff cost (excluding directors' emoluments – note 9):		
– Wages and salaries	1,324	1,605
– Retirement benefits scheme contributions	65	19
– Housing benefits	–	409
Total staff costs	1,389	2,033
Cost of inventories sold	64,992	31,968
Cost of services provided	–	175
Auditors' remuneration	206	193
Depreciation of property, plant and equipment	464	2,320
Impairment of property, plant and equipment	–	2,703
Amortisation of goodwill	621	69
Provision for doubtful debts	–	619
Provision for other deposits	–	110
Minimum lease payments under operating leases:		
– Land and buildings	–	1,551
– Equipment	–	47

Notes to the Financial Statements

8. FINANCE COSTS

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Interest on:		
bank and other borrowings wholly repayable within five years	30	150
convertible note	–	137
obligations under finance lease	–	4
	30	291

9. DIRECTORS' EMOLUMENTS

Directors' emoluments for the period, disclosed pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Fees:		
Executive	48	4
Independent non-executive	104	119
	152	123
Other emoluments:		
Basic salaries, housing benefits, other allowances and benefits in kind	2,195	1,507
Contributions to retirement benefits scheme	18	25
	2,213	1,532
	2,365	1,655

The executive directors, Madam Cheung Kwai Lan, Mr. Chan Ting and Mr. Fung King Him, Daniel, received individual emoluments of approximately HK\$912,000 (year ended 30.9.2004: Nil), HK\$1,018,000 (year ended 30.9.2004: HK\$103,000) and HK\$313,000 (year ended 30.9.2004: HK\$33,000), respectively for the period ended 30 June 2005.

Notes to the Financial Statements

9. DIRECTORS' EMOLUMENTS *(continued)*

The independent non-executive directors, Mr. Tian He Nian, Mr. Zhao Zhi Ming, Mr. Tsui Wing Tak and Madam Qi Mei, received individual emoluments of approximately HK\$62,000 (year ended 30.9.2004: Nil), HK\$18,000 (year ended 30.9.2004: Nil), HK\$18,000 (year ended 30.9.2004: HK\$2,000) and HK\$6,000 (year ended 30.9.2004: HK\$2,000), respectively for the period ended 30 June 2005.

No director waived or agreed to waive any of their emoluments in respect of the period ended 30 June 2005 (year ended 30.9.2004: HK\$784,000).

During the period, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office (year ended 30.9.2004: Nil)

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period included three (year ended 30.9.2004: two) directors, details of whose emoluments are set out in note 9 above. Details of the aggregate emoluments of the remaining two (year ended 30.9.2004: three) non-directors, highest paid employees are as follows:

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	544	629
Contributions to retirement benefits scheme	18	11
	<u>562</u>	<u>640</u>

The emoluments of each non-director, highest paid employee fell within the Nil – HK\$1,000,000 band during the period.

During the period, no emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office (year ended 30.9.2004: Nil).

Notes to the Financial Statements

11. TAXATION

No provision for profits tax has been made as the Group has no assessable profits for the period.

Reconciliation between accounting loss and tax charge at applicable tax rate is as follows:

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Loss before taxation	(3,745)	(12,481)
Tax at the Hong Kong Profits Tax rate of 17.5% (2004: 17.5%)	(656)	(2,184)
Tax effect of expenses that are not deductible for tax purposes	1,326	3,131
Tax effect of unrecognised general provision for doubtful debts	157	(1,184)
Tax effect of income that is not taxable for tax purposes	(819)	(1,185)
Tax effect of tax losses not recognised	-	1,556
Tax effect of utilisation of tax losses previously not recognised	-	(122)
Tax effect of unrecognised accelerated tax allowances	(8)	(17)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	5
Tax expense	-	-

The components of unrecognised deductible (taxable) temporary differences are as follows:

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Deductible temporary differences		
Unutilised tax losses	5,403	7,560
Taxable temporary differences		
Accelerated tax allowances	(39)	(623)
	5,364	6,937

Notes to the Financial Statements

11. TAXATION *(continued)*

At the balance sheet date, the Group have unused tax losses of approximately HK\$5,403,000 (year ended 30.9.2004: HK\$7,560,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams in the subsidiaries. Deductible temporary differences have not been recognised in these financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Such tax losses have no expiry date.

12. NET LOSS FOR THE PERIOD/YEAR

The net loss for the period ended 30 June 2005 dealt with in the financial statements of the Company, was approximately HK\$1,788,000 (year ended 30.9.2004: HK\$10,689,000) (note 23(b)).

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	The Group	
	1.10.2004 to 30.6.2005 HK\$'000	Year ended 30.9.2004 HK\$'000
Loss for the purposes of basic loss per share	<u>3,740</u>	<u>12,537</u>
Number of shares		
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,547,155	709,595
Effect of dilutive potential ordinary shares:		
Share options	<u>145,171</u>	<u>7,550</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>1,692,326</u>	<u>717,145</u>

Notes to the Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP				
COST				
At 1 October 2004	2,119	1,421	15,458	18,998
Additions	–	42	18	60
Disposal of subsidiaries	(2,119)	(1,421)	(15,458)	(18,998)
At 30 June 2005	–	42	18	60
DEPRECIATION				
At 1 October 2004	2,119	1,274	14,242	17,635
Provided for the period	–	31	433	464
Disposal of subsidiaries	(2,119)	(1,300)	(14,673)	(18,092)
At 30 June 2005	–	5	2	7
NET BOOK VALUES				
At 30 June 2005	–	37	16	53
At 30 September 2004	–	147	1,216	1,363

At 30 June 2005, none of the Group's property, plant and equipment was held under finance lease (At 30 September 2004: HK\$96,000).

	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY			
COST			
Additions during the period and at 30 June 2005	42	18	60
DEPRECIATION			
Provided for the period and at 30 June 2005	5	2	7
NET BOOK VALUES			
At 30 June 2005	37	16	53
At 30 September 2004	–	–	–

Notes to the Financial Statements

15. GOODWILL

	<i>HK\$'000</i>
THE GROUP	
COST	
At 1 October 2004 and 30 June 2005	4,051
AMORTISATION	
At 1 October 2004	69
Provided for the year	621
At 30 June 2005	690
CARRYING VALUES	
At 30 June 2005	3,361
At 30 September 2004	3,982

Goodwill is amortised using the straight-line method over its estimated useful life of 5 years.

16. INTERESTS IN SUBSIDIARIES

	The Company	
	30.6.2005	30.9.2004
	HK\$'000	<i>HK\$'000</i>
Unlisted shares, at cost	4,000	4,000
Amount due from subsidiaries	23	895
Amount due to subsidiaries	(17)	(4,600)
	4,006	295

The amount due from subsidiaries included in the Company's current assets are unsecured, interest-free and have no fixed repayment terms. The amount due to subsidiaries included in the Company's current liabilities are unsecured, interest-free and have no fixed repayment terms.

Notes to the Financial Statements

16. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the Company's principal subsidiaries as at 30 June 2005 are as follows:

Name	Place of incorporation and operations	Nominal value of issued and paid-up share	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Good United Management Limited	British Virgin Islands	Ordinary US\$1	100%	–	Investment holding
Top Entrepreneur Profits Limited	British Virgin Islands	Ordinary US\$200	75%	–	Investment holding
B & B Natural Products (BVI) Limited	British Virgin Islands	Ordinary US\$1	–	75%	Investment holding
Rapid Progress Profits Limited	British Virgin Islands	Ordinary US\$8	–	56.25%	Investment holding
Hsing Long Trading Co. Pte. Ltd.	Singapore	Ordinary SGD100,000	–	70.31%	Distribution of natural supplementary foods

Notes to the Financial Statements

17. ACCOUNTS RECEIVABLE

Accounts receivable, which generally have credit terms of not more than 90 days, are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

An aged analysis of the Group's accounts receivable at the balance sheet dates, based on the date of goods delivered and services rendered, is as follows:

	The Group	
	30.6.2005	30.9.2004
	HK\$'000	HK\$'000
Within 90 days	<u>9,605</u>	<u>26,906</u>

Subsequent to the balance sheet date, accounts receivable amounting to approximately HK\$9,559,000 (30.9.2004: HK\$26,906,000) as at 30 June 2005 have been settled by the Group's customers.

18. ACCOUNTS PAYABLE

	The Group	
	30.6.2005	30.9.2004
	HK\$'000	HK\$'000
Trade payables	<u>9,549</u>	<u>22,678</u>

An aged analysis of the Group's accounts payable at the balance sheet dates, based on the date of goods and services received, is as follows:

	The Group	
	30.6.2005	30.9.2004
	HK\$'000	HK\$'000
Within 90 days	<u>9,549</u>	22,554
91 – 180 days	<u>–</u>	124
	<u>9,549</u>	<u>22,678</u>

Notes to the Financial Statements

19. FINANCE LEASE PAYABLES

As at 30 June 2005, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30.6.2005 HK\$'000	30.9.2004 HK\$'000	30.6.2005 HK\$'000	30.9.2004 HK\$'000
THE GROUP				
Amounts payable:				
Within one year	—	15	—	14
Total minimum finance lease payments	—	15	—	14
Future finance charges	—	(1)		
Total net finance lease payables classified as current liabilities	—	14		

The lease was represented by certain computer equipment leased by a former subsidiary of the Group in the year 2003. The subsidiary was disposed of during the period and consequently the Group has no finance lease payable as at 30 June 2005.

20. BANK BORROWINGS

	The Group	
	30.6.2005 HK\$'000	30.9.2004 HK\$'000
Trust receipt loans, unsecured	—	4,305

At 30 June 2005, the Group's bank borrowings are repayable as follows:

	The Group	
	30.6.2005 HK\$'000	30.9.2004 HK\$'000
On demand or within one year	—	4,305

Notes to the Financial Statements

21. SHARE CAPITAL

	<i>Notes</i>	Number of shares	<i>HK\$'000</i>
<i>Authorised:</i>			
At 30 September 2004 and 30 June 2005, shares of HK\$0.01 each		<u>20,000,000,000</u>	<u>200,000</u>
<i>Issued and fully paid:</i>			
At 1 October 2003, shares of HK\$0.01 each		618,260,000	6,183
Issue of shares pursuant to sale and purchase agreement	<i>(i)</i>	190,476,190	1,904
Issue of shares pursuant to subscription agreement	<i>(ii)</i>	<u>738,095,238</u>	<u>7,381</u>
At 30 September 2004		1,546,831,428	15,468
Shares issued on exercise of options	<i>(Note 22)</i>	<u>3,325,000</u>	<u>33</u>
At 30 June 2005		<u>1,550,156,428</u>	<u>15,501</u>

(i) On 26 August 2004, the Company issued 190,476,190 ordinary shares of HK\$0.01 each for consideration of HK\$0.021 per share. These new shares were issued under the resolution granted to the directors at the extraordinary general meeting of the Company held on 26 July 2004 and rank pari passu with the existing shares in all respects. The proceeds were used to finance the Group's acquisition of subsidiaries. The Group entered into a sale and purchase agreement dated 23 March 2004 to acquire 75% equity interest in Top Entrepreneur Profits Limited and its subsidiaries from Precise Result Profits Limited which is a wholly owned subsidiary of B & B Group Holdings Limited.

(ii) On 26 August 2004, 738,095,238 ordinary shares of HK\$0.01 each were issued to Precise Result Profits Limited at a price of HK\$0.021 per share, pursuant to the subscription agreement dated 23 March 2004.

Notes to the Financial Statements

22. SHARE OPTION SCHEMES

The Company operates share option schemes for the purpose of providing incentives and rewards to the eligible participants who, in the sole discretion of the Board, have contributed or may contribute to the Group.

(a) Pre-IPO Share Option Scheme

Pursuant to a Pre-IPO share option scheme (the "Pre-IPO Scheme") adopted by the Company on 24 April 2002, the Company granted 47,500,000 share options, which entitled the holders to subscribe for a total of 47,500,000 ordinary shares of the Company during the period from 14 May 2003 to 13 May 2006. The subscription price per share payable upon exercise of the option, ranged from HK\$0.10 to HK\$0.50 each. All of these 47,500,000 share options were cancelled during the year ended 30 September 2004. During the period ended 30 June 2005 and up to the date of approval of these financial statements, no other share option has been granted or exercised under the Pre-IPO Scheme.

(b) Post-IPO Share Option Scheme

Pursuant to the Post-IPO share option scheme (the "Post-IPO Scheme") adopted by the Company on 13 May 2002, the board of directors may, at their discretion, grant Post-IPO share options (the "Post-IPO Scheme Options") to eligible participants who, in the sole discretion of the Board, have contributed or may contribute to the Group. The Post-IPO Scheme became effective on 14 May 2002 and will remain in force for ten years from that date.

The maximum number of unexercised Post-IPO Scheme Options currently permitted to be granted under the Post-IPO Scheme and any other share option scheme is an amount equivalent to, upon their exercise, 10% of the shares of the Company in issue as at the date of the approval of the scheme or the date of the general meeting for refreshing the 10% limit under the scheme. The limit on the number of shares which may be issued upon exercise of all outstanding options granted under the Post-IPO Scheme and any other share option scheme must not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable under the Post-IPO Scheme to each eligible participant in the Post-IPO Scheme within any 12-month period is limited to 1% of the number of shares of the Company in issue at any time.

The offer of a grant of the Post-IPO Scheme Options may be accepted in writing within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the Post-IPO Scheme Options granted is determined by the board of directors, and shall not be more than ten years from the date of the grant of the Post-IPO Scheme Options. The Post-IPO Scheme does not require a minimum period for which the Post-IPO Scheme Options must be held nor a performance target which must be achieved before the Post-IPO Scheme Options can be exercised.

Notes to the Financial Statements

22. SHARE OPTION SCHEMES *(continued)*

(b) Post-IPO Share Option Scheme *(continued)*

The subscription price will be determined by the board of directors, but may not be less than the highest of (i) the closing price of shares on the Stock Exchange on the date of grant of the Post-IPO Scheme Options; (ii) the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant of the Post-IPO Scheme Options; and (iii) the nominal value of the Company's shares on the date of offer.

During the period ended 30 June 2005 and year ended 30 September 2004, 154,680,000 and 60,000,000 Post-IPO Scheme Options, respectively were granted to certain eligible participants, which entitled them to subscribe for a total of 214,680,000 ordinary shares of the Company. During the period ended 30 June 2005, and up to the date of approval of these financial statements, 3,495,000 Post-IPO Scheme Options have been exercised.

Details of movements in the Company's Post-IPO Scheme held by eligible participants are as follows:

30.6.2005 Eligible participants	Date of grant	Exercise price* HK\$	Outstanding at 1/10/2004	Granted during the period	Exercised during the period	Outstanding at 30/6/2005	Exercise period of share options
	1/11/2004	0.1006	-	154,680,000	-	154,680,000	1/11/2004 to 30/10/2009
	30/9/2004	0.147	19,250,000	-	-	19,250,000	30/9/2004 to 29/9/2009
	10/9/2004	0.08	40,750,000	-	(3,325,000)	37,425,000	10/9/2004 to 9/9/2009
			<u>60,000,000</u>	<u>154,680,000</u>	<u>(3,325,000)</u>	<u>211,355,000</u>	

* *The exercise price of the Post-IPO Scheme Options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

The exercise in full of the Post-IPO Scheme Options would, under the present capital structure of the Company, result in the issue of 211,355,000 additional ordinary shares of the Company at additional share capital of HK\$2,113,550 and share premium of HK\$19,271,008 (before issue expenses).

At 30 June 2005, the number of shares in respect of which option had been granted and remained outstanding under the scheme was 7.33% (30.9.2004: 3.9%) of the shares of the Company in issue at that date.

Notes to the Financial Statements

22. SHARE OPTION SCHEMES (continued)

(b) Post-IPO Share Option Scheme (continued)

The closing price of the Company's shares on 1 November 2004, the date of grant of the share options, were HK\$0.1.

30.9.2004				Granted	Cancelled		
Directors and other eligible participants	Date of grant	Exercise price ** HK\$	Outstanding at 1/10/2003	during the year	during the year	Outstanding at 30/9/2004	Exercise period of share options
Directors:							
Chen Si Te, Frank *	11/7/2002	0.612	400,000	-	(400,000)	-	N/A
Wong Kwok Yiu, Chris *	11/7/2002	0.612	400,000	-	(400,000)	-	N/A
Yau Yat Yin *	11/7/2002	0.612	400,000	-	(400,000)	-	N/A
Ma Ching Nam *	11/7/2002	0.612	400,000	-	(400,000)	-	N/A
			<u>1,600,000</u>	<u>-</u>	<u>(1,600,000)</u>	<u>-</u>	
Other eligible participants:							
	10/9/2004	0.08	-	40,750,000	-	40,750,000	10/9/2004 to 9/9/2009
	30/9/2004	0.147	-	19,250,000	-	19,250,000	30/9/2004 to 29/9/2009
	11/7/2002	0.612	6,850,000	-	(6,850,000)	-	N/A
			<u>8,450,000</u>	<u>60,000,000</u>	<u>(8,450,000)</u>	<u>60,000,000</u>	

* Former directors resigned on 27 August 2004.

** The exercise price of the Post-IPO Scheme Options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to the Financial Statements

22. SHARE OPTION SCHEMES *(continued)*

(b) Post-IPO Share Option Scheme *(continued)*

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the period. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

23. RESERVES

(a) The Group

	Translation reserve	Share premium account	Capital reserve*	Accu- mulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 October 2003	–	44,960	17,240	(57,611)	4,589
Issue of shares pursuant to sale and purchase agreement	–	2,096	–	–	2,096
Issue of shares pursuant to subscription agreement	–	8,119	–	–	8,119
Exchange differences arising from translation of financial statements of Singapore operation	7	–	–	–	7
Net loss for the year	–	–	–	(12,537)	(12,537)
At 30 September 2004	7	55,175	17,240	(70,148)	2,274
Share issued on exercise of options	–	233	–	–	233
Capital reserve realised on disposal of subsidiaries	–	–	(1,414)	–	(1,414)
Net loss for the period	–	–	–	(3,740)	(3,740)
At 30 June 2005	7	55,408	15,826	(73,888)	(2,647)

Notes to the Financial Statements

23. RESERVES (continued)

(a) The Group (continued)

* The capital reserve of the Group represents the difference between the nominal value of the aggregate issued share capital and the share premium account of the subsidiaries acquired under the Group Reorganisation on 27 February 2002, over the nominal value of the Company's shares issued in exchange therefor.

(b) The Company

	Share premium account <i>HK\$'000</i>	Capital reserve* <i>HK\$'000</i>	Accu- mulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 October 2003	44,960	15,826	(60,863)	(77)
Issue of shares pursuant to sale and purchase agreement	2,096	–	–	2,096
Issue of shares pursuant to subscription agreement	8,119	–	–	8,119
Net loss for the year	–	–	(10,689)	(10,689)
At 30 September 2004	55,175	15,826	(71,552)	(551)
Share issued on exercise of options	233	–	–	233
Net loss for the period	–	–	(1,788)	(1,788)
At 30 June 2005	55,408	15,826	(73,340)	(2,106)

* The capital reserve of the Company represents the excess of the combined net assets of the subsidiaries acquired under the Group Reorganisation on 27 February 2002, over the nominal value of the Company's shares issued in exchange therefor.

Notes to the Financial Statements

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

During the year ended 30 September 2004, the Company directly acquired 75% of the issued share capital of a subsidiary, Top Entrepreneur Profits Limited, and indirectly acquired 75%, 56.25% and 70.31% of the issued share capital of several subsidiaries, B & B Natural Products (BVI) Limited, Rapid Progress Profits Limited and Hsing Long Trading Co. Pte. Ltd., respectively for a total consideration of HK\$4,000,000. This acquisition has been accounted for by the acquisition method of accounting. The amount of goodwill arose as a result of the acquisition was approximately HK\$3,948,000.

	1.10.2004	Year ended
	to	30.9.2004
	30.6.2005	30.9.2004
	HK\$'000	HK\$'000
NET ASSETS ACQUIRED		
Goodwill	-	103
Prepayments, deposits and other receivables	-	13
Bank balances and cash	-	2,341
Accounts payable	-	(257)
Accrued liabilities and other payables	-	(2,080)
Taxation	-	(11)
Minority interest	-	(57)
	<hr/>	<hr/>
	-	52
Goodwill on acquisition	-	3,948
	<hr/>	<hr/>
Total consideration	-	4,000
	<hr/>	<hr/>
SATISFIED BY		
Shares allotted	-	4,000
	<hr/>	<hr/>
Net cash inflow arising on acquisition:		
Bank balances and cash acquired	-	2,341
	<hr/>	<hr/>
Net inflow of cash and cash equivalents		
in respect of the acquisition of subsidiaries	-	2,341
	<hr/>	<hr/>

The subsidiaries acquired during the year ended 30 September 2004 contributed approximately HK\$32,159,000 to the Group's consolidated turnover and had a profit from operations of approximately HK\$189,000 attributable to the Group.

Notes to the Financial Statements

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Disposal of subsidiaries

As referred to in note 6, the Group discontinued its business in the provision of direct marketing; product consulting and sales force management services to pharmaceutical and healthcare companies and business in trading of pharmaceutical and healthcare products at the time of disposal of AGL and AMGL. The aggregated net assets of AGL and AMGL at the date of disposal were as follows:

	30.6.2005	30.9.2004
	HK\$'000	HK\$'000
NET LIABILITIES DISPOSED OF		
Property, plant and equipment	906	–
Deposits and other receivables	283	–
Bank balances and cash	76	–
Accounts payables	(31)	–
Accrued liabilities and other payables	(2,075)	(60)
Finance lease payables	(14)	–
Tax payable	(523)	–
	<hr/>	<hr/>
Net liabilities disposed	(1,378)	(60)
Capital reserve realised on disposed	(1,414)	–
Gain on disposal of subsidiaries	2,842	60
	<hr/>	<hr/>
Total consideration	50	–
	<hr/>	<hr/>
Satisfied by:		
Cash	50	–
	<hr/>	<hr/>
Net cash outflow arising on disposal of subsidiaries:		
Cash consideration	50	–
Bank balances and cash disposed of	(76)	–
	<hr/>	<hr/>
	(26)	–
	<hr/>	<hr/>

The subsidiaries did not have a significant contribution to the Group's results or cash flows for the period.

Notes to the Financial Statements

25. BANKING FACILITIES

As at 30 June 2005, the Group's banking facilities which consisted mainly of facilities on letter of credit, amounting to HK\$101,400,000 (30.9.2004: HK\$70,200,000) were secured by certain unconditional and irrevocable corporate guarantees.

26. OPERATING LEASE ARRANGEMENTS

(a) As lessor

At 30 June 2005, neither the Group, nor the Company had any significant future minimum lease receivables under non-cancellable operating leases (30.9.2004: Nil).

(b) As lessee

At 30 June 2005, neither the Group, nor the Company had any significant future minimum lease payments under non-cancellable operating leases (30.9.2004: Nil).

27. CAPITAL COMMITMENTS

At 30 June 2005, neither the Group, nor the Company had any significant capital commitments (30.9.2004: Nil).

28. CONTINGENT LIABILITIES

At 30 June 2005, neither the Group, nor the Company had any significant contingent liabilities (30.9.2004: Nil).

29. RETIREMENT BENEFITS SCHEME

With the introduction of Mandatory Provident Fund Scheme (the "MPF Scheme") in December 2000 in Hong Kong, the Group has arranged its employees in Hong Kong to join the MPF Scheme. The retirement benefits scheme contributions charged to the income statements represents contributions payable to the MPF Scheme by the Group at rates specified in the rules of the MPF Scheme.

The total cost charged to the income statements of approximately HK\$83,000 (year ended 30.9.2004: HK\$44,000) represents contributions payable to the MPF Scheme in respect of the current accounting period.

The employees employed in the Singapore subsidiary are members of the Central Provident Fund Scheme. The Singapore subsidiary is required to contribute pension, based on a certain percentage of their payroll, to the Central Provident Fund Scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

Notes to the Financial Statements

30. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The Group had no significant provision for long service payments at 30 June 2005 (30.9.2004: Nil).

31. SHARE AWARD SCHEME

On 13 October 2004, the Company adopted a share award scheme for employees and consultants, excluding executive directors and chief executive, of the Group for the purpose of recognising the contributions of certain employees and consultants of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate them and give an incentive to these persons to continue to contribute to the Group's long term success and prosperity. No shares were granted under the share award scheme since its adoption on 13 October 2004 and up to the date of this report.

32. VERY SUBSTANTIAL ACQUISITION

Pursuant to an announcement dated 22 June 2005, on 17 June 2005, a subsidiary of the Company had entered into an agreement with, among others, China United (International) Investment Development Limited for the acquisition of an aggregate of 70% equity interest in CNPC Investment for a total consideration of HK\$15,000,000, pursuant to which HK\$5,000,000 will be satisfied in cash and the balance of HK\$10,000,000 will be satisfied by the issue of 20,000,000 new ordinary shares of HK\$0.01 each in the capital of the Company.

CNPC Investment owns a joint mining right in Xin Jiang Oilfield.

Under the GEM Listing Rules, the agreement and the transactions contemplated therein constitute a very substantial acquisition for the Company and therefore needed to seek approval from its shareholders in the extraordinary general meeting.

33. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

Financial Summary

RESULTS

	For the year ended 30 September				
	1.10.2004 to 30.6.2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	67,190	34,392	17,154	20,517	10,595
Cost of sales	(64,992)	(32,143)	(36,990)	(12,660)	(3,435)
Gross profit (loss)	2,198	2,249	(19,836)	7,857	7,160
Other revenue	271	4,345	189	170	115
Selling and distribution costs	(1,689)	–	(2,088)	(1,609)	(772)
Administrative expenses	(7,337)	(13,299)	(12,716)	(9,581)	(6,031)
Other operating expenses	–	(2,703)	(19,342)	–	–
Loss on disposal of a jointly controlled entity	–	(2,789)	–	–	–
Gain on disposal of subsidiaries	2,842	60	–	–	–
(Loss) profit from operations	(3,715)	(12,137)	(53,793)	(3,163)	472
Finance costs	(30)	(291)	(14)	–	–
Share of loss of a jointly controlled entity	–	(53)	(14)	–	–
(Loss) profit before taxation	(3,745)	(12,481)	(53,821)	(3,163)	472
Taxation	–	–	–	(185)	(338)
(Loss) profit before minority interest	(3,745)	(12,481)	(53,821)	(3,348)	134
Minority interest	5	(56)	482	161	75
Net (loss) profit for the period/year	(3,740)	(12,537)	(53,339)	(3,187)	209

ASSETS AND LIABILITIES

	At 30 September				
	30.6.2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Total assets	24,091	50,100	24,842	71,526	19,025
Total liabilities	(11,129)	(32,245)	(14,070)	(6,933)	(2,127)
Minority interest	(108)	(113)	–	(482)	(643)
Shareholders' funds	12,854	17,742	10,772	64,111	16,255

Notes:

- (1) The Company was incorporated in Cayman Islands on 26 November 2001 and became the holding company of the Group with effect from 27 February 2002 upon completion of the group reorganization as set out in the Company's prospectus dated 30 April 2002.
- (2) The results of the Group for the year ended 30 September 2001 and the balance sheet of the Group as at 30 September 2001 have been prepared on a merger basis and are extracted from the Company's prospectus dated 30 April 2002.
- (3) The results of the Group for the year ended 30 September 2004 and for the nine months period ended 30 June 2005 are those set out on page 19 of the financial statements.