



THIRD QUARTERLY REPORT **2009/2010**



問博控股有限公司
APTUS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 8212

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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.

RESULTS

The board of directors (the “**Board**”) of Aptus Holdings Limited (the “**Company**”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively referred as the “**Group**”) for the three months and nine months ended 31 March 2010, together with the comparative unaudited figures for the corresponding period in 2009, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2010

	Notes	(Unaudited)			
		Three months ended		Nine months ended	
		31 March		31 March	
		2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		(Restated)
CONTINUING OPERATIONS					
Revenue	2	707	–	3,780	18,292
Cost of sales		(698)	–	(3,763)	(18,246)
Gross profit		9	–	17	46
Other revenue	2	490	–	506	6
Administrative expenses		(11,675)	(2,016)	(22,231)	(4,614)
Other operating expenses		–	–	(5,108)	–
Loss from operations		(11,176)	(2,016)	(26,816)	(4,562)
Finance costs		(3,892)	(8,561)	(21,683)	(27,741)
LOSS BEFORE TAXATION		(15,068)	(10,577)	(48,499)	(32,303)
Income tax expenses	3	–	–	–	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(15,068)	(10,577)	(48,499)	(32,303)
DISCONTINUED OPERATIONS					
Profit/(loss) for the period from discontinued operations	7	–	106	189,148	(2,302)
PROFIT/(LOSS) FOR THE PERIOD		(15,068)	(10,471)	140,649	(34,605)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the three months and nine months ended 31 March 2010

	(Unaudited)			
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
Notes	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
OTHER COMPREHENSIVE INCOME				
Exchange difference on translation of financial statements of foreign operations				
Continuing operations	(125)	(116)	178	(218)
Discontinued operations	-	(272)	-	(393)
	(125)	(388)	178	(611)
Release of translation reserve due to disposal of jointly controlled entities				
Continuing operations	-	-	-	-
Discontinued operations	-	-	(19,990)	-
	-	-	(19,990)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(15,193)	(10,859)	120,837	(35,216)
Profit/(Loss) for the period attributable to:				
Equity holders of the Company				
Continuing operations	(14,466)	(10,534)	(47,847)	(32,172)
Discontinued operations	-	106	189,148	(2,302)
	(14,466)	(10,428)	141,301	(34,474)
Non-controlling interests				
Continuing operations	(602)	(43)	(652)	(131)
Discontinued operations	-	-	-	-
	(602)	(43)	(652)	(131)
PROFIT/(LOSS) FOR THE PERIOD	(15,068)	(10,471)	140,649	(34,605)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the three months and nine months ended 31 March 2010

	(Unaudited)			
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
Notes	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
Total comprehensive income for the period attributable to:				
Equity holders of the Company				
Continuing operations	(14,554)	(10,623)	(47,722)	(32,325)
Discontinued operations	-	(166)	169,158	(2,695)
	(14,554)	(10,789)	121,436	(35,020)
Non-controlling interests				
Continuing operations	(639)	(70)	(599)	(196)
Discontinued operations	-	-	-	-
	(639)	(70)	(599)	(196)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(15,193)	(10,859)	120,837	(35,216)
EARNINGS/(LOSS) PER SHARE	4			
From continuing and discontinued operations:				
Basic	(HK0.70 cent)	(HK0.59 cent)	HK7.44 cents	(HK1.96 cents)
Diluted	N/A	N/A	HK6.99 cents	N/A
From continuing operations:				
Basic	(HK0.70 cent)	(HK0.60 cent)	(HK2.52 cents)	(HK1.83 cents)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

The principal accounting policies used in the unaudited consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2009. The financial statements are unaudited but have been reviewed by the Audit Committee.

In the current period, the Group has newly adopted, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year commencing on 1 July 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

¹ Improvements to HKFRSs 2009 in relation to the amendments to HKFRS 2, HKAS 18, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the quarterly consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 7 (Amendment) does not contain any additional disclosure requirements specifically applicable to the quarterly consolidated financial statements.

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The adoption of other new HKFRSs has no material effect on the reported results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

For those HKFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

2. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of edible oil products and mineral materials are recognised when goods are delivered and title has been passed.

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

3. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong for the three months and nine months ended 31 March 2010 (three months and nine months ended 31 March 2009: NIL). Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The potential deferred tax asset has not been recognized in the financial statements as the probability that future taxable profit will be available against which the temporary differences can be utilized in the foreseeable future is uncertain.

4. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings/(loss)

	(Unaudited)			
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to equity holders of the Company	(14,466)	(10,428)	141,301	(34,474)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds (net of tax)	3,893	8,023	20,549	26,196
Profit/(loss) for the purposes of diluted earnings/(loss) per share	(10,573)	(2,405)	161,850	(8,278)

Number of shares

	(Unaudited)			
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	2,063,671	1,762,448	1,899,533	1,759,643
Effect of dilutive potential ordinary shares:				
Share options	–	12,675	8,473	16,949
Convertible bonds	406,532	406,532	406,532	406,532
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	2,470,203	2,181,655	2,314,538	2,182,124

4. EARNINGS/(LOSS) PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Profit/(loss) figures are calculated as follows:

	(Unaudited)			
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
Profit/(loss) for the period attributable to equity holders of the Company	(14,466)	(10,428)	141,301	(34,474)
Less:				
(Profit)/loss for the period from discontinued operations	-	(106)	(189,148)	2,302
Loss for the purposes of basic earnings/(loss) per share from continuing operations	(14,466)	(10,534)	(47,847)	(32,172)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds (net of tax)	3,893	8,023	20,549	26,196
Loss for the purposes of diluted earnings/(loss) per share from continuing operations	(10,573)	(2,511)	(27,298)	(5,976)

Not diluted loss per share has been presented for continuing operations for the above periods as outstanding share options of the Company is anti-dilutive since their exercise or concession would result in a decrease in loss per share.

From discontinued operations

Basic earnings per share for the discontinued operations for the three months and nine months ended 31 March 2009 are approximately HKNIL cent and HK9.96 cents per share respectively (three months and nine months ended 31 March 2009: profit/(loss) of approximately HK0.006 cent and (HK0.13 cent) per share respectively) based on the profit for the period from discontinued operations of approximately HK\$NIL and HK189,148,000 respectively (three months and nine months ended 31 March 2009: profit/(loss) of approximately HK\$106,000 and (HK\$2,302,000) respectively) and the denominators used are the same as those detailed above earnings/(loss) per share.

4. EARNINGS/(LOSS) PER SHARE *(Continued)***From discontinued operations** *(Continued)*

Diluted earning per share for the discontinued operations for the three months and nine months ended 31 March 2010, and three months ended 31 March 2009 are approximately HKNIL cent and HK8.17 cents and HK0.005 cent per share respectively based on the profit for the three months and nine months ended 31 March 2010, and three months ended 31 March 2009 from discontinued operations of approximately HK\$NIL, HK\$189,148,000 and HK\$106,000 respectively and the denominators used are the same as those detailed above earnings/(loss) per share. No diluted loss per share has been presented for discontinued operations for the nine months ended 31 March 2009, as outstanding share options and convertible bonds of the Company are anti-dilutive since their exercise or concession would results in decrease in loss per share.

5. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 March 2010 (nine months ended 31 March 2009: NIL).

6. MOVEMENT OF RESERVES

	(Unaudited) Share premium account HK\$'000	(Unaudited) Convertible bonds reserve HK\$'000	(Unaudited) Translation reserve HK\$'000	(Unaudited) Capital reserve HK\$'000	(Unaudited) Accumulated losses HK\$'000	(Unaudited) Discontinued operations HK\$'000	(Unaudited) Total HK\$'000
At 1 July 2009	96,722	10,712	4,090	15,826	(266,752)	19,990	(119,412)
Exchange differences arising from translation of financial statements of overseas operations	-	-	125	-	-	-	125
Profit for the period	-	-	-	-	141,301	-	141,301
Release of convertible bonds reserve	-	(10,712)	-	-	10,712	-	-
Release due to disposal of jointly controlled entities	-	-	-	-	-	(19,990)	(19,990)
Total comprehensive income for the period	-	(10,712)	125	-	152,013	(19,990)	121,436
Placing of new shares	37,400	-	-	-	-	-	37,400
Loan capitalization	37,428	-	-	-	-	-	37,428
Shares issued on exercise of options	1,757	-	-	-	-	-	1,757
At 31 March 2010	173,307	-	4,215	15,826	(114,739)	-	78,609
At 1 July 2008	95,051	10,712	24,516	15,826	(196,538)	-	(50,433)
Exchange differences arising from translation of financial statements of overseas operations	-	-	(546)	-	-	-	(546)
Net loss for the period	-	-	-	-	(34,474)	-	(34,474)
Total comprehensive income for the period	-	-	(546)	-	(34,474)	-	(35,020)
Shares issued on exercise of options	1,671	-	-	-	-	-	1,671
At 31 March 2009	96,722	10,712	23,970	15,826	(231,012)	-	(83,782)

7. DISCONTINUED OPERATIONS

On 24 April 2009, the Group entered into agreements relating to the termination of the Profit Sharing Rights for return of monies provided to China Huayou Group Corporation and compensatory interest for an amount of approximately RMB39,856,000 (approximately HK\$45,226,000) and the disposals by the Company of the equity interest in Changde Huayou Gas Co. Limited ("Changde Joint Venture") and Hunan Huayou Natural Gas Transportation and Distribution Co., Limited ("Hunan Joint Venture") for the consideration of approximately RMB255,000,000 (approximately HK\$289,350,000) and approximately RMB100,144,000 (approximately HK\$113,634,000) respectively.

The disposal of 48.33% interest in Changde Joint Venture and 33% interest in Hunan Joint Venture had completed on 10 September 2009 and 11 September 2009 respectively.

The combined results of the discontinued operations (i.e. holding of the oilfield's profit sharing right and the gas related business) included in the consolidated statement of comprehensive income are set out below:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period from discontinued operations				
Revenue and other revenue	–	26,354	18,346	73,723
Expenses	–	(25,885)	(18,360)	(75,662)
Gain on disposal of jointly controlled entities	–	–	197,707	–
Gain on termination of profit sharing rights	–	–	11,031	–
<hr/>				
Profit/(loss) before taxation	–	469	208,724	(1,939)
Income tax	–	(363)	(19,576)	(363)
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Profit/(loss) for the period from discontinued operations	–	106	189,148	(2,302)
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8. SUBSEQUENT EVENT

On 19 March 2010, a wholly-owned subsidiary of the Company entered into the supplemental agreement to amend certain terms and conditions of the sale and purchase agreement dated 20 November 2009 to conditionally acquire the entire issued share capital of Casdon Management Limited ("Casdon") for a revised consideration of HK\$1,085,000,000. Casdon and its subsidiaries are to be engaged in operating and managing the owned properties that provides and sells approximately 69,000 boxes for the storage of deceased cremated ashes and other ancestral property. At the extraordinary general meeting of the shareholders of the Company on 7 May 2010, the ordinary resolutions for the acquisition of Casdon were approved. For further details, please refer to the announcement issued by the Company on 30 October 2009, the joint announcements issued by the Company and China Vanguard Group Limited ("China Vanguard") on 1 December 2009, 19 March 2010 and 7 May 2010 respectively and the joint circular issued by the Company and China Vanguard on 22 April 2010 for further details.

9. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Major developments

With regards to the convertible bonds issued by the Company ("Aptus Bonds"), during the period under review, the Company entered into (i) the third amendment deed dated 16 November 2009, (ii) a deed of undertaking dated 16 November 2009 and (iii) a deed of undertaking dated 12 February 2010. In effect, the amendment deed and the undertakings make certain that once the Company receives the considerations from the disposals of the natural gas joint ventures ("Natural Gas Joint Ventures") in cleared HK\$, it will use them to redeem the Aptus Bonds on the put option date and that the Company's bondholder has undertaken not to exercise its conversion rights. As of 12 February 2010, interest of approximately HK\$94,424,000 was accrued to the Aptus Bonds, the principal amount of which was HK\$234,000,000 on the date of its issue (i.e. 22 November 2006), the total interest and principal of which has been subsequently reduced to approximately HK\$31,538,000 as of 29 April 2010. Further, by a deed of undertaking dated 12 February 2010 between the sole beneficial owner of the Aptus Bonds ("Sole Beneficial Owner") and Aptus as altered by various letters from the Sole Beneficial Owner, the redemption timeline for repayment of the final outstanding amount due (i.e. approximately HK\$31,538,000 as of 29 April 2010) has been effectively extended to 11 June 2010. For further details, please refer to the joint announcements issued by the Company and China Vanguard Group Limited ("China Vanguard") on 12 January 2010, 12 February 2010, 12 March 2010, 24 March 2010, 16 April 2010 and 29 April 2010 respectively.

On 2 November 2009, the Company entered into a placing agreement with a placing agent to place up to a maximum of 160,000,000 new shares of the Company at a price of HK\$0.25 each to raise gross proceeds of HK\$40,000,000. This placement was completed on 10 December 2009. Please refer to the announcements issued by the Company on 2 November 2009 and 10 December 2009 respectively for further details. In addition to the placement of new shares of the Company, the Company also entered into subscription agreements to capitalize 2 of its existing loans for an aggregate amount of HK\$38,750,000 for 122,160,000 new shares of the Company. The subscriptions of shares were completed on 16 December 2009, for further details please refer to the announcement issued by the Company on that date.

On 19 March 2010, a wholly-owned subsidiary of the Company entered into the supplemental agreement to amend certain terms and conditions of the sale and purchase agreement dated 20 November 2009 to conditionally acquire the entire issued share capital of Casdon Management Limited ("Casdon") for a revised consideration of HK\$1,085,000,000. Casdon and its subsidiaries are to be engaged in operating and managing the owned properties that provides and sells approximately 69,000 boxes

for the storage of deceased cremated ashes and other ancestral property. At the extraordinary general meeting of the shareholders of the Company on 7 May 2010, the ordinary resolutions for the acquisition of Casdon were approved. For further details, please refer to the announcement issued by the Company on 30 October 2009, the joint announcements issued by the Company and China Vanguard on 1 December 2009, 19 March 2010 and 7 May 2010 respectively and the joint circular issued by the Company and China Vanguard on 22 April 2010 for further details.

On 11 September 2009 and 18 November 2009 respectively, the Company and China Vanguard jointly announced the completion of the disposals of the Natural Gas Joint Ventures (for a total consideration of approximately RMB355,144,000 (approximately HK\$402,984,000)), as well as the termination of the profit sharing rights with respect to the Xin Jiang Oilfield (for an amount of approximately RMB39,856,000 (approximately HK\$45,226,000)) coming into effect. For further details, please refer to the joint announcements issued by the Company and China Vanguard dated 11 September 2009 and 18 November 2009 respectively.

Financial Review

Financial information regarding the Natural Gas Joint Ventures and the profit sharing rights with respect to the Xin Jiang Oilfield for the nine months ended 31 March 2010 ("Period 2010") have been classified as discontinued operations and the comparative figures for the nine months ended 31 March 2009 ("Period 2009") have been restated accordingly.

For Period 2010, the Group recorded an unaudited consolidated turnover from continuing operations of HK\$3.8 million as compared to approximately HK\$18.3 million for Period 2009 due to continuing tough market conditions.

The gross profit generated by continuing operations for the Period 2010 decreased by 63.0% to approximately HK\$17,000 (Period 2009: approximately HK\$46,000) with the gross profit ratio slightly increased to 0.45% for Period 2010 as compared to 0.25% for Period 2009.

For the nine months ended 31 March 2010, there was an increase in legal and professional fee to approximately HK\$12.3 million (Period 2009: HK\$1.4 million), mainly for the transactions of disposal of the Natural Gas Joint Ventures and termination of profit sharing right on Xin Jiang Oilfield, which caused the rise in the Group's expense level. Even so, a significant turnaround in the net profit for the period was approximately HK\$140.6 million (Period 2009: approximately net loss of HK\$34.6 million was recorded). The bulk of the increase was due to the gain from the disposals of the Natural Gas Joint Ventures of approximately HK\$197.7 million and gain from termination of profit sharing right on Xin Jiang Oilfield of approximately HK\$11 million.

Business Review

The Group's principal activities prior to the completion of the possible acquisition of Casdon and its subsidiaries, is the trading of edible oil and mineral materials via its non-listed Singapore subsidiary.

The Company continued focusing on its trading business and continues to explore for new trading business opportunities during the Period 2010. Meanwhile, a wholly-owned subsidiary of the Company has entered into agreement to conditionally acquire from the entire issued share capital of Casdon for a revised total consideration of HK\$1,085,000,000. At the extraordinary general meeting of the shareholders of the Company on 7 May 2010, the ordinary resolutions for the acquisition of Casdon were approved. Please refer to the announcement issued by the Company on 30 October 2009, the joint announcements issued by the Company and China Vanguard on 1 December 2009, 19 March 2010 and 7 May 2010 respectively and the joint circular issued by the Company and China Vanguard on 22 April 2010 for further details.

With regards to the Aptus Bonds, by a deed of undertaking between the Sole Beneficial Owner and the Company as altered by various letters from the Sole Beneficial Owner, the redemption timeline for repayment of the final outstanding amount due (i.e. approximately HK\$31,538,000 as of 29 April 2010) has been effectively extended to 11 June 2010. For further details, please refer to the announcements issued by the Company and China Vanguard on 12 January 2010, 12 February 2010, 12 March 2010, 24 March 2010 and 16 April 2010 respectively.

Future Outlook and Prospects

After a series of transactions, the Company's financial position has been significantly improved. Besides the existing trading business will continue to reassess current market conditions for the trading of edible oil and to make profitable trades when possible with a target to re-achieve previous levels of revenue and gross profits, the Company is also confident that the global economy will eventually recover and the commodity and currency volatility will decline, which favours the edible oil trading and mineral materials trading operations. Once a more stable trading environment is established, the Company will look to expand these operations. In addition, the management believe once the acquisition of the entire issued share capital of Casdon is being completed, this will allow Aptus to participate in the growing business of provision of storage spaces for deceased cremated ashes and other ancestral property. This will also benefit the Company by diversifying its business, income and asset base.

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

As at 31 March 2010, the interests of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (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 have 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 maintained by the Company 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 or any of its associated corporations

	The Company/name of associated corporation	Number of ordinary shares held			Total interest	Percentage of interest shareholding
		Interest in controlled corporation	Beneficial owner	Family interest		
Madam Cheung Kwai Lan	The Company (Note 1)	710,446,428	-	-	710,446,428	34.43
	China Vanguard (Notes 4 & 5)	2,095,857,322 (Note 6)	2,070,000	-	2,097,927,322	65.32

Notes:

1. These 710,446,428 shares of the Company are held by Precise Result Profits Limited ("Precise Result").
2. Precise Result is a company incorporated in BVI and is a wholly-owned subsidiary of China Success Enterprises Limited ("China Success"). As at 31 March 2010, 48,750,000 shares of the Company out of such 710,446,428 shares of the Company owned by Precise Result have been lent to Evolution Master Fund, Ltd. SPC, Segregated Portfolio M.
3. China Success is a company incorporated in BVI and a wholly-owned subsidiary of China Vanguard.

4. These 2,095,857,322 shares of China Vanguard are held by Best Frontier Investments Limited ("Best Frontier").
5. The entire issued share capital of Best Frontier comprises 910 shares of US\$1.00 each, of which 909 shares are held by Madam Cheung Kwai Lan and 1 share is held by Mr. Chan Tung Mei. As Madam Cheung Kwai Lan is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Best Frontier, she is deemed to be interested in the entire issued share capital of Best Frontier by virtue of the SFO. Madam Cheung Kwai Lan, being a Director of the Company, is also a director of Best Frontier.
6. In addition to the interest in the aggregate of 2,097,927,322 shares of China Vanguard as set out in the table above, Madam Cheung Kwai Lan is interested in the following underlying shares of China Vanguard:
 - (i) 6,240,000 shares of China Vanguard, being the maximum number of shares of China Vanguard which may be allotted and issued to Madam Cheung Kwai Lan upon exercise of the options granted to Madam Cheung Kwai Lan under the share option scheme of China Vanguard which are outstanding as at 31 March 2010; and
 - (ii) 6,240,000 shares of China Vanguard, being the maximum number of shares of China Vanguard which may be allotted and issued to Mr. Chan Tung Mei upon exercise of the options granted to him under the share option scheme of China Vanguard which are outstanding as at 31 March 2010 and which Madam Cheung Kwai Lan is deemed to be interested by virtue of Mr. Chan Tung Mei being the spouse of Madam Cheung Kwai Lan pursuant to the SFO.

(2) Share option scheme

As at 31 March 2010, no share option had been granted or agreed to be granted to the Directors and chief executives under the share option scheme.

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (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 any of its holding companies, subsidiaries or fellow 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.

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

As at 31 March 2010, 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 section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Precise Result (Note 2)	Beneficial Owner	710,446,428 (Note 1)	–	710,446,428	34.43
China Success (Notes 3 and 4)	Interest in controlled corporation	710,446,428 (Note 1)	–	710,446,428	34.43
China Vanguard (Notes 1 and 4)	Interest in controlled corporations	710,446,428 (Note 1)	–	710,446,428	34.43

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Best Frontier (Notes 4 and 5)	Interest in controlled corporation	710,446,428 (Note 1)	–	710,446,428	34.43
Cheung Kwai Lan (Note 5)	Interest in controlled corporations	710,446,428 (Note 1)	–	710,446,428	34.43
Chan Tung Mei (Note 5)	Interest in controlled corporations	710,446,428 (Note 1)	–	710,446,428	34.43
Evolution Master Fund, Ltd. SPC, Segregated Portfolio M ("Evolution")(Note 6)	Beneficial owner	48,750,000	406,532,314	455,282,314	22.06
Evolution Capital Management, LLC ("Evo LLC") (Note 6)	Investment manager	48,750,000	406,532,314	455,282,314	22.06
Structured Investments Ltd. (Note 6)	Other	48,750,000	406,532,314	455,282,314	22.06
Evo Capital Management Asia Limited (Note 6)	Investment manager	48,750,000	406,532,314	455,282,314	22.06
Citigroup Global Markets Ltd.	Person having a security interest in shares of the Company	–	453,878,314	453,878,314	21.99
Citigroup Global Markets Europe Ltd.	Person having a security interest in shares of the Company	–	453,878,314	453,878,314	21.99
Citigroup Global Markets LLC	Person having a security interest in shares of the Company	–	453,878,314	453,878,314	21.99

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Citigroup Global Markets (International) Finance AG	Person having a security interest in shares of the Company	-	453,878,314	453,878,314	21.99
Citigroup Financial Products Inc.	Person having a security interest in shares of the Company	-	453,878,314	453,878,314	21.99
Citigroup Global Markets Holdings Inc.	Person having a security interest in shares of the Company	-	453,878,314	453,878,314	21.99
Citigroup Inc.	Person having a security interest in shares of the Company	-	453,878,314	453,878,314	21.99

Short positions in underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of underlying shares	Percentage of Aptus shareholding (%)
Evolution (Note 6)	Beneficial owner	48,750,000	2.36
Evo LLC (Note 6)	Investment manager	48,750,000	2.36

Notes:

- Such 710,446,428 shares of the Company refer to the same parcel of Aptus Shares.
- Precise Result is a company incorporated in the BVI and is a wholly-owned subsidiary of China Success. As at 31 March 2010, 48,750,000 shares of the Company out of such 710,446,428 shares of the Company owned by Precise Result have been lent to Evolution.
- China Success is a company incorporated in the BVI and a wholly-owned subsidiary of China Vanguard. Best Frontier is the holding company of China Vanguard holding 2,095,857,322 shares of China Vanguard representing approximately 65.25% of the issued share capital of China Vanguard as at 31 March 2010.

4. By virtue of the SFO, each of China Success, China Vanguard and Best Frontier is deemed to be interested in these 710,446,428 shares of the Company directly held by Precise Result.
5. The entire issued share capital of Best Frontier comprises 910 shares of US\$1.00 each, of which 909 shares are held by Madam Cheung Kwai Lan and 1 share is held by is Mr. Chan Tung Mei. As Madam Cheung Kwai Lan is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Best Frontier, she is deemed to be interested in the China Vanguard Shares which Best Frontier is interested by virtue of the SFO. As Mr. Chan Tung Mei is the spouse of Madam Cheung Kwai Lan, he is deemed to be interested in the shares of China Vanguard which Madam Cheung Kwai Lan is deemed to be interested by virtue of the SFO.
6. The Company and Evolution entered into a deed of undertaking dated 28 August 2009. Pursuant to the deed of undertaking, Evolution undertook, amongst other things, that it will not exercise its conversion rights under the Aptus Bond(s) and the Company undertook it will redeem the Aptus Bond(s) when the Company has converted its RMB into HK\$ which is then available for payment to redeem the convertible Aptus Bond(s). The 406,532,314 number of conversion shares is based on the information of disclosure of interests filed to the Stock Exchange. To the Directors' information, as at 31 March 2010, the maximum number of conversion shares is 69,393,439 for the outstanding Aptus Bond(s).

Save as disclosed above, as at 31 March 2010, 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 corporation 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.

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

During the nine months ended 31 March 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM" Listing Rules) as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding securities transactions by the directors throughout the nine months ended 31 March 2010.

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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for 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 (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code throughout the nine months ended 31 March 2010.

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 four Independent Non-executive Directors, namely Mr. Tian He Nian, Mr. Zhang Xiu Fu, Mr. Zou Qi Jun and Mr. To Yan Ming Edmond. Mr. To Yan Ming Edmond is the chairman of the audit committee. The Group's unaudited results for the nine months ended 31 March 2010 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.

By order of the Board,

CHAN Ting

Director

Hong Kong, 14 May 2010

As at the date of this report, the Executive Directors are Madam Cheung Kwai Lan, Mr. Chan Ting, Mr. Fung King Him Daniel and Mr. Lam Wai Pong; and the Independent Non-executive Directors are Mr. Tian He Nian, Mr. Zhang Xiu Fu, Mr. Zou Qi Jun and Mr. To Yan Ming Edmond.