

FIRST QUARTERLY REPORT 2010/2011



問博控股有限公司
APTUS HOLDINGS LIMITED

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

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the board of directors (“**Directors**”) of Aptus Holdings Limited (to be renamed as Hong Kong Life Group Holdings Limited) (“**Company**”, and together with its subsidiaries “**Group**”) collectively and individually accepts full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“**GEM Listing Rules**”) 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited consolidated results of the Group for the three months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | For the three months ended 30 September | |
|---|--------------|--|---------------|
| | <i>Notes</i> | 2010 | 2009 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 2 | 8,457 | 3,073 |
| Cost of sales | | (2,470) | (3,065) |
| Gross profit | | 5,987 | 8 |
| Other income | 2 | 105 | – |
| Selling and distribution expenses | | (3,798) | – |
| Administrative and operating expenses | | (5,393) | (5,992) |
| Operating loss | | (3,099) | (5,984) |
| Finance costs | | (2,069) | (8,898) |
| Loss before taxation | | (5,168) | (14,882) |
| Income tax | 3 | – | – |
| Loss for the period from continuing operations | | (5,168) | (14,882) |
| Profit for the period from discontinued operations | | – | 180,875 |
| Net (loss)/profit for the period | | (5,168) | 165,993 |
| Attributable to: | | | |
| Owners of the Company | | (5,152) | 166,072 |
| Non-controlling interests | | (16) | (79) |
| | | (5,168) | 165,993 |
| Earnings/(loss) per share | 5 | | |
| From continuing and discontinued operations | | | |
| Basic | | HK(0.14) cent | HK9.40 cents |
| Diluted | | N/A | HK7.98 cents |
| From continuing operations | | | |
| Basic | | HK(0.14) cent | HK(0.84) cent |
| Diluted | | N/A | N/A |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the three months ended 30 September | |
|--|--|--|
| | 2010 <i>HK\$'000</i> (Unaudited) | 2009 <i>HK\$'000</i> (Unaudited) |
| Net (loss)/profit for the period | (5,168) | 165,993 |
| Other comprehensive (loss)/income: | | |
| Exchange differences arising on translation of foreign operations | 60 | 39 |
| Reclassification adjustments relating to jointly-controlled entities disposed of during the period | – | (19,990) |
| Total comprehensive (loss)/income for the period | (5,108) | 146,042 |
| Attributable to: | | |
| Owners of the Company | (5,309) | 146,109 |
| Non-controlling interests | 201 | (67) |
| Total comprehensive (loss)/income for the period | (5,108) | 146,042 |

Notes:

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 July 2010, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

The unaudited consolidated results have been prepared under the historical cost convention except that certain financial instruments are measured at fair values. The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's audited consolidated financial statements for the year ended 30 June 2010.

The unaudited consolidated results of the Group for the three months ended 30 September 2010 are unaudited but have been reviewed by the Company's Audit Committee.

2. REVENUE AND OTHER INCOME

Revenue represents amount receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

For management purpose, the Group is currently organized into three operating divisions. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

| | | |
|------------------------------|---|--|
| Trading of natural resources | – | Trading of edible oil products and mineral materials |
| Provision of shrine | – | Provision of shrine for memorial of ancestor |
| Paper-offering | – | Paper-offering business |

An analysis of the Group's revenue and other income were as follows:

| | For the three months ended 30 September | |
|------------------------------|--|-------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | | |
| Trading of natural resources | – | 3,073 |
| Provision of shrine | 8,433 | – |
| Paper-offering | 24 | – |
| | 8,457 | 3,073 |
| Other income | | |
| Bank interest income | 2 | – |
| Sundry income | 103 | – |
| | 105 | – |
| Total | 8,562 | 3,073 |

3. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly are exempted from payment of the British Virgin Islands income taxes.

No Hong Kong Profits Tax had been made as the Group had no assessable profits derived from Hong Kong for the period (2009: Nil).

PRC Enterprise Income Tax had not been provided for the PRC subsidiaries as they did not generate any assessable profits for the period (2009: Nil).

4. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the three months ended 30 September 2010 (2009: Nil).

5. EARNINGS/(LOSS) PER SHARE

(a) From continuing and discontinued operations

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

| | For the three months ended 30 September 2010 | 2009 |
|--|---|-------------|
| | (Unaudited) | (Unaudited) |
| Earnings | | |
| (Loss)/profit attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share (<i>HK\$'000</i>) | (5,152) | 166,072 |
| Effect of dilutive potential ordinary shares: | | |
| Interest expense on convertible bonds (net of tax) (<i>HK\$'000</i>) | - | 8,228 |
| <hr/> | | |
| (Loss)/profit for the purpose of diluted earnings/(loss) per share (<i>HK\$'000</i>) | (5,152) | 174,300 |
| <hr/> | | |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (<i>'000</i>) | 3,800,736 | 1,767,585 |
| Effect of dilutive potential ordinary shares: | | |
| Share options (<i>'000</i>) | - | 9,053 |
| Convertible bonds (<i>'000</i>) | - | 406,532 |
| <hr/> | | |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>'000</i>) | 3,800,736 | 2,183,170 |
| <hr/> | | |

Diluted loss per share from continuing and discontinued operations for the three months ended 30 September 2010 did not assume the conversion of the convertible bonds outstanding since the conversion would have an anti-dilutive effect.

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

(b) From continuing operations

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

| | For the three months ended 30 September | |
|---|--|--|
| | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| (Loss)/profit attributable to owners of the Company | (5,152) | 166,072 |
| Less: profit from discontinued operations for the period | – | (180,875) |
| Loss for the purpose of basic loss per share from continuing operations | (5,152) | (14,803) |
| Effect of dilutive potential ordinary shares: | | |
| Interest expense on convertible bonds (net of tax) | – | – |
| Loss for the purpose of diluted loss per share from continuing operations | (5,152) | (14,803) |

Diluted loss per share from continuing operations for each of the three months ended 30 September 2009 and 2010 did not assume the conversion of the convertible bonds and exercise of the share options outstanding since their conversion and exercise would have an anti-dilutive effect.

(c) From discontinued operations

No basic earnings per share and diluted earnings per share from discontinued operations has been presented for the three months ended 30 September 2010 (2009: HK10.23 cents for basic earnings per share from discontinued operations and HK8.28 cents for diluted earnings per share from discontinued operations based on the profit for the three months ended 30 September 2009 from discontinued operations of approximately HK\$180,875,000 and the denominators detailed above for both basic and diluted earnings per share).

6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | Non-controlling interests | Total |
|--|---------------------------------------|---------------|-----------------|---------------------------|---------------------|---|-------------------------|-----------|---------------------------|----------|
| | Share capital | Share premium | Capital reserve | Convertible bonds reserve | Translation reserve | Retained earnings/ (accumulated losses) | Discontinued operations | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 30 June 2009 and 1 July 2009 (Audited) | 17,628 | 96,722 | 15,826 | 10,712 | 4,090 | (266,752) | 19,990 | (101,784) | 15,055 | (86,729) |
| Total comprehensive (loss)/income for the period | - | - | - | - | 27 | 166,072 | (19,990) | 146,109 | (67) | 146,042 |
| Shares issued on exercise of options | 171 | 1,610 | - | - | - | - | - | 1,781 | - | 1,781 |
| As at 30 September 2009 (Unaudited) | 17,799 | 98,332 | 15,826 | 10,712 | 4,117 | (100,680) | - | 46,106 | 14,988 | 61,094 |
| As at 30 June 2010 and 1 July 2010 (Audited) | 33,837 | 490,107 | 15,826 | 269,883 | 4,430 | (126,989) | - | 687,094 | 17,638 | 704,732 |
| Total comprehensive (loss)/income for the period | - | - | - | - | (157) | (5,152) | - | (5,309) | 201 | (5,108) |
| Subscription of shares | 741 | 11,856 | - | - | - | - | - | 12,597 | - | 12,597 |
| Issue of shares on conversion of convertible bonds | 6,800 | 163,200 | - | (86,980) | - | - | - | 83,020 | - | 83,020 |
| As at 30 September 2010 (Unaudited) | 41,378 | 665,163 | 15,826 | 182,903 | 4,273 | (132,141) | - | 777,402 | 17,839 | 795,241 |

7. CAPITAL COMMITMENTS

| | As at 30 September 2010 HK\$'000 (Unaudited) | As at 30 June 2010 HK\$'000 (Audited) |
|--|---|---|
| Capital expenditure in respect of the investment in a subsidiary authorized but not contracted for | - | 44,667 |
| Capital expenditure in respect of the properties under development | 21,409 | 23,052 |
| Capital expenditure in respect of sole distribution right of the paper-offering business | 447 | 414 |
| | 21,856 | 68,133 |

8. EVENTS AFTER REPORTING PERIOD

On 27 October 2010, the Company proposed a share consolidation of every 10 issued and unissued shares of HK\$0.01 each into 1 consolidated share of HK\$0.10 each and a rights issue on the basis of three rights shares for every one consolidated share held.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months ended 30 September 2010, the Group's business focus has been turned to the provision of shrine and paper-offering in Hong Kong. The Group's shrine development project ("Project") provides approximately 69,000 shrines at Yuen Long. Approximately 2,100 shrines were developed and held for sales during the period under review. The total recognized shrine sold was 123 and the corresponding recognized sales was approximately HK\$8.43 million.

Turning to the paper-offering business, small amount of orders were placed from customers in Hong Kong. With more newly developed paper-offering products from SKEA, the Group is confident that contribution from paper-offering business will continue to grow and contribute to the total turnover.

The Shrine Management Services Limited, a wholly-owned subsidiary of the Company, has signed a management agreement with Bridgewater Management Limited ("BML") on 24 August 2010, pursuant to which BML has agreed to act as the property manager responsible for managing, operating, servicing, maintenance and repair of the Project. BML is a member of company of the Savills Guardian Group and is highly experienced in the management of building, estates and shopping malls in Hong Kong.

Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$8.46 million for the three months ended 30 September 2010 (2009: HK\$3.07 million), representing an increase of approximately HK\$5.39 million or 175.6% as compared to the three months ended 30 September 2009. The significant increase was primarily attributable to the revenue contributed by the provision of shrine business amounted to approximately HK\$8.43 million for the period under review.

The selling and distribution costs was a commission relating to provision of shrine and sales of paper-offering of approximately HK\$3.80 million for the three months ended 30 September 2010.

Loss from continuing operations decreased by approximately HK\$9.71 million from approximately HK\$14.88 million for the three months ended 30 September 2009 to approximately HK\$5.17 million for the three months ended 30 September 2010, mainly due to the gross profit generated from the shrine business and the substantial decrease in finance costs from approximately HK\$8.90 million to approximately HK\$2.07 million.

To further strengthen the Group's financial resources and its operations as well as its future expansion, the Company issued and allotted 74,100,000 new shares to a subscriber at a price of HK\$0.17 per share in August 2010.

Prospects

Despite the recent Public Consultation on Review of Columbarium Policy held by the Hong Kong Government and more stringent policies on the use of land, it is expected that the demand for shrine in Hong Kong will continue to grow in the middle to long run. Coupled with the fact that there will only be limited supply of shrine for memorial of ancestor in Hong Kong in the foreseeable future, being the only Hong Kong listed company engaged in the provision of shrine business in Hong Kong with the support from the senior counsels, surveyors and other professional parties, the Group is in an advantageous position to bring into fruition value for its shareholders. Barring unforeseen circumstances, the Group is confident in gaining a stable stream of income from its project.

The Group will continue with prudent investment strategy to search for quality relevant properties either in Hong Kong or Mainland China with primary focus on enhancing the synergistic value of its existing project.

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 September 2010, none of the Directors and chief executives of the Company had any interests and short positions 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 taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into 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.

Share Option Scheme

During the three months ended 30 September 2010, no share option had been granted or agreed to be granted to the Directors and chief executives under the share option scheme (three months ended 30 September 2009: Nil). There is no share option outstanding as at 30 September 2010 (30 September 2009: 1,620,000 options outstanding).

DIRECTOR'S RIGHTS 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 30 September 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:

| Name of Shareholders | Capacity/Nature of interest | Number of ordinary shares held | Percentage of shareholding |
|---|------------------------------------|---------------------------------------|-----------------------------------|
| Red Rabbit Capital Limited <i>(Note 1)</i> | Beneficial owner | 913,130,000 | 22.07 |
| Kong Lung Cheung <i>(Note 1)</i> | Interest in controlled corporation | 913,130,000 | 22.07 |
| Precise Result Profits Limited <i>(Note 2)</i> | Beneficial owner | 420,596,428 | 10.16 |
| China Success Enterprises Limited <i>(Note 2)</i> | Interest in controlled corporation | 420,596,428 | 10.16 |
| China Vanguard Group Limited <i>(Note 2)</i> | Interest in controlled corporation | 420,596,428 | 10.16 |
| Best Frontier Investments Limited <i>(Note 2)</i> | Interest in controlled corporation | 420,596,428 | 10.16 |
| Cheung Kwai Lan <i>(Note 3)</i> | Interest in controlled corporation | 420,596,428 | 10.16 |
| Chan Tung Mei <i>(Note 3)</i> | Interest of spouse | 420,596,428 | 10.16 |

Notes:

1. Mr. Kong Lung Cheung has equity interest of 100% of the issued share capital of Red Rabbit Capital Limited. The shares referred to herein relate to the same parcel of shares held by Red Rabbit Capital Limited.
2. Precise Result Profits Limited is a wholly-owned subsidiary of China Success Enterprises Limited, which in turn is a wholly-owned subsidiary of China Vanguard Group Limited. Best Frontier Investments Limited is interested in 60.38% of the issued share capital of China Vanguard Group Limited. Accordingly, the shares referred to herein relate to the same parcel of shares held by Precise Result Profits Limited.
3. 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 and Mr. Chan Tung Mei are the spouse of each other. Accordingly, Madam Cheung Kwai Lan and Mr. Chan Tung Mei are deemed to be interested in the shares of Best Frontier Investments Limited held by each other under the Securities and Futures Ordinance. The shares referred to herein relate to the same parcel of shares held by Precise Result Profits Limited.

Save as disclosed above, as at 30 September 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

The Company issued and allotted 74,100,000 new shares to a subscriber at a price of HK\$0.17 per share in August 2010.

Save as disclosed above, during the three months ended 30 September 2010, 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.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' dealing in securities of the Company. The Company's Directors have complied with such code of conduct and the required standard of dealings.

REMUNERATION COMMITTEE

The remuneration committee is tasked with the responsibility of overseeing Board remuneration matters. The remuneration committee is chaired by Mr. Lam Wai Pong, an Executive Director of the Company and Chairman of the Board. The other three remuneration committee members are Ms. Li Mei Kuen, Mr. Yuen Shiu Hang Terry and Mr. So Chi Yin, all being independent non-executive Directors of the Company.

The role of the remuneration committee is to recommend to the Board a framework for remunerating the Board and key executives and to determine specific remuneration packages for each Executive Director of the Company. In carrying out the above, the remuneration committee may obtain independent external legal and other professional advice as deemed necessary. The expenses of such advice shall be borne by the Company.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions in the Code on Corporate Governance Practices of the GEM Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group.

The audit committee currently comprises three independent non-executive Directors, namely Ms. Li Mei Kuen, Mr. Yuen Shiu Hang Terry and Mr. So Chi Yin. Ms. Li Mei Kuen is the chairman of the audit committee. The Group's unaudited results for the three months ended 30 September 2010 had 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

APTUS HOLDINGS LIMITED

(to be renamed as Hong Kong Life Group Holdings Limited)

Lam Wai Pong

Chairman & Executive Director

Hong Kong, 10 November 2010

As at the date of this report, the Directors are:

Executive Directors:

Mr. Lam Wai Pong

Mr. Lau Chi Kwong

Mr. Poon Lai Yin Michael

Independent Non-executive Directors:

Ms. Li Mei Kuen

Mr. Yuen Shiu Hang Terry

Mr. So Chi Yin

Non-executive Director:

Mr. Fung King Him Daniel